

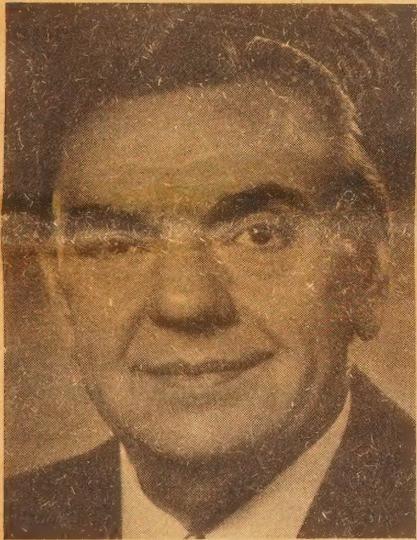
US & U.S.A.

Government
Publications

A VIEW OF CANADIAN/AMERICAN RELATIONS PUBLISHED BY THE DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

INTRODUCTION

There is no country in the world whose presence Canadians notice and feel every day as much as the United States. There is probably no other country in the world with whom the United States is closer in all respects than Canada.



This is perfectly understandable. We share most of the North American continent, a contemporary "new world" history and a very similar way of life. We have innumerable common interests and concerns which touch on the lives of all of us. Environmental issues, fuel and food resources - these are but a few of the hundreds of subjects we deal with in continuing dialogue and bilateral negotiation. There is the enormous cross-border exchange of people and goods.

Here in Canada we read books and magazines from the United States, we watch American films and television and we listen to American music and radio. American influence is felt even in French-speaking Canada as the material is either dubbed or translated into French. Yet, despite our many similarities and complex web of contacts with the United States, we Canadians are very conscious of living in a sovereign and distinctively different country.

We have been able to get along remarkably well with our large influential neighbour to the south, especially in this century. The interdependence that links our two countries is often as vital to the United States as it is to Canada, but Canada, the less powerful country, frequently has to scramble to ensure that its national interests are recognized and served. Good Canada-United States relations

are not something we inherited automatically along with our North American geography. We and the United States have both had to work at it and must continue to do so.

In the following pages you will find a series of articles, charts and pictures designed to give you a better idea of the extent and complexity of Canada's relations with the United States. They will give you a broad view of the range of subject matter covered in our bilateral discussions, treaties and agreements. I hardly need to warn you that this is not an exhaustive survey. There is simply too much going on between Canada and the United States to describe it all. This publication may encourage you, however, to look more deeply into certain aspects of Canada/United States relations. I encourage you to do so. Both Canadians and Americans should enhance their knowledge and understanding of each other's problems and points of view. This involves people like you and is not solely or even mostly the task of governments!

Events and situations move and change rapidly in this modern world, particularly in Canada-United States relations. Many of the facts in this publication will be dated quickly, but we hope that it will provide a starting point for an understanding of the myriad links between our two countries. I am confident, however, that the spirit of the relationship will endure.

Don Jamieson,
Secretary of State for External Affairs.

ENTRE AMIS

Today Canada and the United States are firm friends and faithful allies - but it wasn't always that way. Once upon a time we were enemies. Forgetting about the old wars between French Canada and the British colonies to the south, there were two wars between British Canada and the American republic, in 1775-83 and 1812-14. After that there were two generations of rumours of wars, border conflicts and militia kept at the ready. Hard to imagine today!

In the Canadian rebellions of 1837, many Americans with territorial ambitions were anxious to intervene in Canada's troubles. They formed organizations to do so, resulting in border raids and bloody skirmishes. In 1839 this crisis shaded off into the 'Aroostook

War' between Maine and New Brunswick - a bloodless but very dangerous conflict over the boundary. This had hardly been settled when similar trouble arose on the other side of the continent over the Oregon boundary. There were apprehensions of war until 1846 when another treaty settled that question.

The Fifties were peaceful on the whole. A Reciprocity Treaty was signed in 1854 giving Canadian natural products, such as lumber and farm produce, free access to U.S. markets. But even this decade had its controversies - in the British attempt to recruit in the United States during the Crimean War and the dispute over the San Juan Island boundary in 1859.

The American Civil War brought on an Anglo-American crisis that lasted ten years. In 1861, a Union cruiser took two Confederate diplomatic agents off a British ship on the high seas and brought war closer than it had ever been since 1814. The British Government ordered about 11,000 troops across the Atlantic to strengthen the garrisons and border forts of what was still British North America. Good sense on the part of both governments prevented armed conflict, but the episode left bitterness behind. When the Civil War ended, the Fenian Brotherhood, Irish immigrants who had served in the Union Army, organized attacks on Canada to get at Great Britain. Washington, remembering British support of the South, didn't discourage them, but after years of border fighting and terrorization, the invasion attempts died out.

All these events served to consolidate a realization in Canada that a united defence was the best safeguard against American imperialist tendencies. They helped to produce a confederation - the Dominion of Canada. In 1871 the Treaty of Washington was signed, settling outstanding issues between the two countries, and since then there has been no need to defend the border.

In that year, British troops returned home. A few small garrisons of U.S. regulars and Canadian militia occupied the border stations for awhile but these eventually became obsolete. Naval vessels virtually disappeared from the inland seas. Disarmament became a reality, not by international agreement, but simply because there was no longer any serious disagreement.

At this time Canada, as part of the British Empire, pursued diplomatic contacts with the United States through the British embassy in Washington - a situation which did not change until after the First World War. Therefore the last time a Canadian government made defensive preparations against the United States was in 1895. The occasion was a boundary dispute between Venezuela and British Guiana in which the U.S.A. intervened and

which subsequently went to arbitration.

Old antagonisms die hard and mental disarmament came a little more slowly. Canadians continued to perceive Americans as a military threat for a number of years. For instance, there was a great deal of ill feeling in Canada over the Alaska boundary settlement in 1903, and the U.S.A. sent troops there at the height of the controversy. However there was no response to this by the Canadian Government.

The new era on the border was reflected in 1909 with the Boundary Waters Treaty. Five years later came the First World War, and in 1917 the United States became an ally of Britain and Canada. Today we are friends.

There's no question that the evolution of this Canadian-American relationship has been for the ultimate good of both. We have had problems. We will continue to have problems. But none that cannot be resolved with good will. Today, as you will see, Canadians perceive threats of domination in other areas but, with this awareness, steps are being taken to mitigate these fears.

Co-operation and understanding between two proud and independent nations, one of which has a population at least ten times that of the other, will never be a simple affair. But true friendship and genuine trust run deep and will continue to be the pillars of our relationship. The future presents a great opportunity to continue to build upon our present achievements.

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Il existe également une édition française de cette publication.

POLITICAL SYSTEMS



Our Common Heritage: Two Different Systems of Government

Canada and the United States owe a great debt to Britain for their constitutions and legal systems, both of which are drawn from centuries of British constitutional and legal development.

Although there are many common features, there is one very important critical difference. In the United States, there is a firm separation of powers between the executive and legislative branches. In Canada, there is a union of powers, exercised by the federal ministry and the House of Commons under the cabinet system. The same contrast obtains between the American states and the Canadian provinces. How did this come about?

Changing Attitudes, Changing Times

In Britain 200 years ago, while the legislative supremacy of Parliament had been established, the executive head of the nation was still the king, at that time George III. In the main, he personally controlled colonial administration and policy, foreign relations, and the armed forces. He had his chosen cabinet of ministers to advise him, including a prime minister. However this was not the modern cabinet system we know today.

The king set the agenda and was free to accept or reject ministerial advice. Parliament controlled the purse strings and could insist on legislation. The king often had to bargain with the House of Commons to obtain the legislation and revenue he wanted. However many seats were controlled by the king or his ministers, or by powerful royal partisans.

Thus in 1776 in Britain there was a separation of the executive and legislative powers of the state. At that time British voters exerted considerable influence on the House of Commons and the king, but American colonial citizens did not fare so well. These colonies had become too mature and complex for long distance control and their citizens wanted to manage their domestic affairs through their legislatures, as did their British cousins.

Yet the colonial system prevailed,

based on the established supremacy overseas of the king, the parliament, and the courts of the mother country. The colonial governors were thus obliged to serve two masters: the king, whose veto power over legislation in the British Parliament was rapidly disappearing but who would not relinquish it in the colonies, and the colonial legislatures through which the American colonists sought to control their local affairs. There seemed to be no way to provide meaningful autonomy for the colonies and the American Revolutionary War broke out which resulted in separation from Britain.

In the American Constitution of 1789, the president and congress were set at arm's length, each with autonomous powers - a relation which mirrored that which currently existed between George III and the British Parliament. However a very important exception was the requirement that the executive head of state be elected for a fixed term of office.

Changing Powers, Changing Centuries

In 1832, in Britain the Great Reform Act widely extended the franchise among the people. The prime ministers gradually assumed control of the selection of cabinet ministers and the agenda. It was established that the king was bound to take the advice of the ministers and that they in turn had to agree on that advice. Also in the decade beginning with 1830, it was established that the prime minister and his cabinet had to maintain the confidence of a majority in the House of Commons, or resign and call a new election.

Thus compared to 1776, real executive power in Britain had been depersonalized. The monarch, now Queen Victoria, was largely the nominal head of state, bound to take the advice of her ministers in the conduct of the governments at home and overseas.

Meanwhile in North America...

The same constitutional conflicts surfaced again in the remaining British North American colonies. Again the British Government could see no way out. Again there was rebellion - in both Upper and Lower Canada in 1837.

Both rebel leaders, Mackenzie in Upper Canada and Papineau in Lower Canada, advocated the American constitutional system as the solution. The rebellion failed, but the British Government did send Lord Durham as Governor General to make a report and propose remedies.

A Canadian, Robert Baldwin, one of the leaders of a "Reform" party in Upper Canada, knew of the modern cabinet system in Britain. His widely supported party wished to retain the British connection and preferred the British constitution. He persuaded Lord Durham that each of the colonies should be granted the right to self-government. And such was the principal recommendation of the Durham Report to the British Government in 1839.

However there was a vital proviso. In recommending that the colonial governor should govern under the advice of a cabinet dependent on an elected assembly, Durham reserved foreign relations, foreign trade, and the constitution of the colonial system of government itself. On these matters only would the governor continue to take his instructions from Britain. Thus he could respond to two masters on different subjects. It is worth repeating that

This constitutional solution was made possible largely by the emergence in Britain of the full-fledged cabinet system and the autonomy of Parliament from the Crown.

The proposal was implemented and a "second American revolution" was averted. Over the years complete independence for Canada developed as the original reservations were eliminated one by one, by peaceful means. In terms of the constitution, the procedure to amend it is still uncertain, and will be resolved as soon as Canadians themselves agree on the matter. The initiative and power no longer rest with Britain but with the Canadian people.

people vote for the members of the House of Commons on a national level. The party with the majority of seats, or with sufficient seats to form a coalition with other parties forms the government with its leader as prime minister. As executive head of government, the prime minister and his personally selected cabinet formulate policy and direct operations as long as they are supported by a majority in parliament. When they no longer have this support they are replaced by a coalition of the opposing parties, or an election is called. However, normally a government is given a mandate for five years with an option to call another election.

has a majority of members in the House of Commons and therefore is known as a majority government, or, if there is no majority, he is leader of the party which has enough members to constitute a majority with the support of other parties and is called a minority government. He is also the leader of the administration. This concentration of power was considered undesirable in the United States, and law making and implementation are separated by preventing an overlap of key personnel. It is forbidden for an individual to hold a post in Congress and an executive position at the same time, whereas in Canada all members of the cabinet must also be elected to the House of Commons, or at least appointed to the Senate.

members were elected to the House of Commons from constituencies across the country. In the next election this number will increase to 282 seats because of changes in the electoral map. The parliamentary system operates on the premise that there is an official governing party and an official opposition, that is the largest non-governing party. The major function of the House of Commons is to debate, ratify, or reject the proposals of the government which normally determines the agenda, thus expediting the acceptance of its proposals. The House of Commons also provides a check on the administration and holds the government accountable for its actions.

There are several committees of the House and Senate tied to specific subjects such as defence and external affairs, but they lack the independence of their American counterparts. These assignments are usually for the duration of a particular session of parliament and do not require specialization.

The Shakers & Movers - The U.S.A.

In the United States, Congress is composed of the House of Representatives and the Senate, both of whom share fully in legislative activity. Originally it was intended that these Houses should determine policy and that the president and his administration should implement it. In practice it is possible for Congress to determine policy, but it is not common. Normally it confines itself to approving, rejecting, or amending policies recommended by the executive. The legislature can, and often does, reject executive proposals, something that in Canada would normally cause the government to fall and a new election to take place.

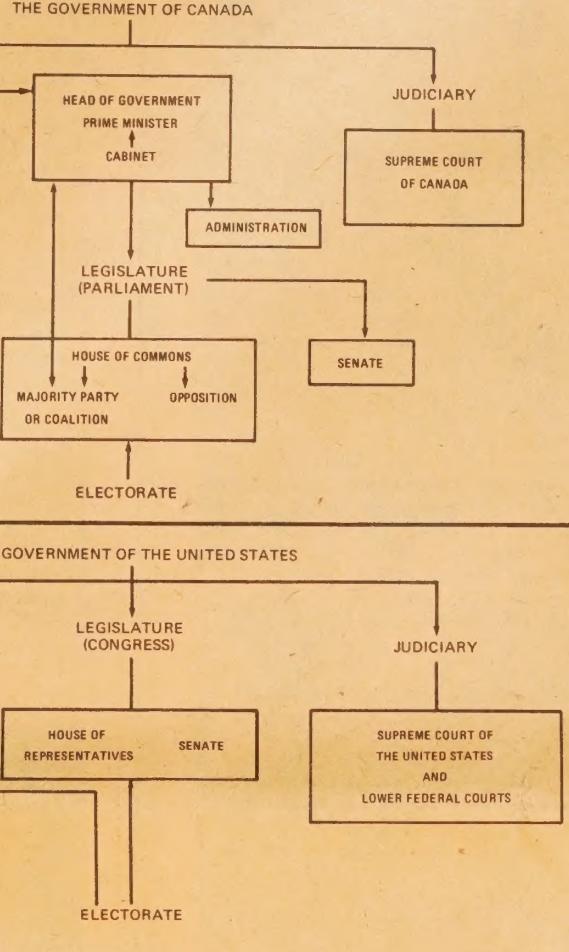
National parties have little power over congressmen once they are in office and thus they are much more independent than Canadian MPs who normally belong to disciplined parties. Congress conducts most of its work in committees which are more significant than in the Canadian system. They control the flow of legislation, develop expertise and clientele relationships with executive agencies and interest groups.

The United States senators are an influential group, sharing fully with the House of Representatives the power to legislate, and bills must receive Senate approval. Among the powers unique to the 435 members of the House, the most important are the powers to originate money bills and to set the agenda of the House. The Senate, on the other hand, has the unique responsibility of ratifying treaties with a two-thirds majority.

The Last Word

The Supreme Court, created in 1875, is the only court established by federal law in Canada, and it is the highest court in the land. There are nine members, a chief justice and eight other judges, all appointed by the executive. The Supreme Court has the final say in interpreting the laws and the Constitution. If it decides that a provincial or federal legislature had no right to pass certain laws, the laws cease to exist.

The United States Constitution established only one federal court, the Supreme Court, but authorized Congress to establish district courts and courts of appeal. The Supreme Court has a Chief Justice and eight associate justices appointed by the president with the advice and consent of the Senate. As in Canada, the Supreme Court has the power to declare federal and state laws null and void when deemed in conflict with the Constitution.



Through the Looking Glass

The Canadian and United States forms of government have much in common. Both are democratic and federal with three levels of government - federal, provincial or state, and municipal. They have distinct executive, legislative and judicial branches at the federal level. However the Canadian system being parliamentary and the United States system being presidential means the branches operate very differently in practice.

Canada is a constitutional monarchy with a constitution which has both written and unwritten elements. The written part, the British North America Act, was passed by the British Parliament in 1867 and outlines the basic structure of Canadian government and the division of authority between the provincial governments and the Federal Government. However the role of the prime minister and the cabinet system are not defined. At present, the most important provisions of the Act can be amended only by the British Parliament on a petition from Ottawa. The unwritten part embodies all the fundamental rights that evolved from the Magna Carta in Britain, and other historical documents which over the centuries have been incorporated into common law.

As in the British parliamentary system, the executive and legislative powers are combined. The Canadian

if it feels it has popular support - before that term is up.

The Constitution of the United States, signed in 1787, is a more complete document than that found in Canada. It describes the entire system of national government, and incorporates a complicated amendment system. It provides a republican form of government, that is, a sovereign state governed only by elected representatives. Legislators are elected at the local and state levels, in contrast to the Canadian system, and the voters also separately elect an executive, the president, who may or may not represent the same party that holds a majority in congress. The president is elected every four years. Senators are elected for six-year terms with one-third of the Senate up for election every two years. Members of the House of Representatives are elected for two-year terms.

The American Constitution is noted for its elaborate system of checks and balances. The executive, legislature and judiciary are each endowed with definite powers of their own, thereby reaffirming the belief that the powers of government should be separated as a safeguard against oppression. Other examples include the authority of the national government being offset by the states, the ability of one house of Congress to act as a brake on the other, and the ability of Congress to impeach the president and remove him from office.

In Canada the prime minister is the leader of the party which either

Hail to the Chief

The president of the United States is the head of state and government and therefore the symbol of national unity but he is also a partisan party leader. He is the chief legislator, using his appointment powers and legislative initiative to influence the policy agenda in the legislature. Like the Canadian prime minister, the president has a cabinet whose members usually head a government department. Since he cannot nominate elected members, he can and does appoint officials who are experts in their fields. The American system creates an atmosphere of political bargaining not found in Canada. For example, the executive must rely on Congress for funds to implement policy, but the executive can also frustrate Congress because it is dependent on the executive to implement that policy. Also the Senate must ratify treaties and presidential appointments, such as to the cabinet or the federal courts, or ambassadors.

The Movers & Shakers - Canada

Parliament consists of two legislative bodies, the Senate and the House of Commons. The Senate was created mainly to assure a conservative upper house check on the House of Commons, and to provide all regions with equal representation regardless of size or population. The 104 senators are not elected but are appointed until the age of 75 by the governor general on the advice of the prime minister.

Today the Senate has a relatively minor role. It must ratify bills passed by the House for them to become law but rarely refuses to do so. Sometimes bills that do not involve spending money are considered before they are sent to the House, or special Senate committees may study public questions which might require the passing of laws.

In the 1974 federal election, 264

EXTERNAL AFFAIRS

Goodbye to all that

Canada's position in the British Empire after Confederation was essentially that of a self-governing colony. However its external affairs continued to be directed and controlled by Britain, a situation which did not rest too happily with the Canadian Government. In 1866, U.S. consular agents were stationed in Canada - a year before Confederation. Yet in 1867 Canadian diplomatic contacts with the United States were still handled through the British embassy in Washington.

Sir John A. Macdonald sat as a member of the British commission which met with U.S. authorities in 1871 to draw up the Treaty of Washington. A fishery commission, created by the Treaty, met at Halifax and awarded compensation to Canada in settlement of a fish-

two Canadian colleagues, Louis Jetté, Lieutenant Governor of Quebec, and A.B. Aylesworth, Minister of Justice, to settle the boundary in favour of the United States, an act regarded as a sell-out by the Canadians.

November 7, 1903: "In Canadian eyes, the surrender of Canada's rights has been absolute; it is not even a pretence at a compromise." Francis H. Turnock

In 1909, when the International Joint Commission was formed, its six permanent members consisted of three Americans and three Canadians - no British.

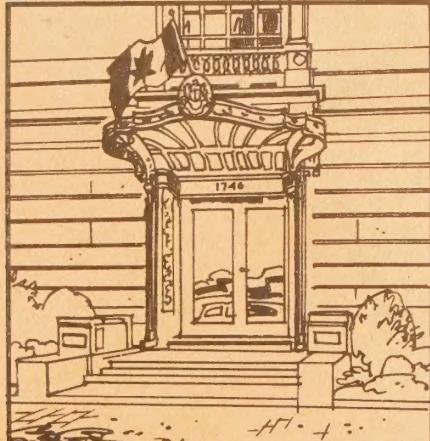
In the same year, Parliament authorized the establishment of a "Department of External Affairs" to handle Canada's relations with other governments within the British Empire and



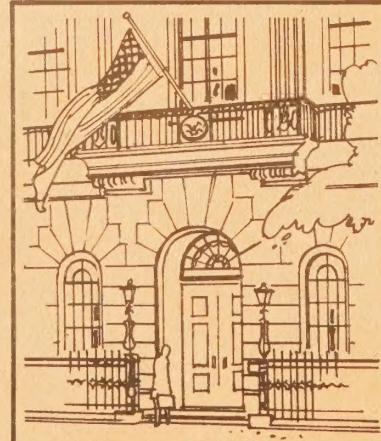
ing rights claim against the U.S.A. This Treaty marked a new stage in imperial relations as, for the first time, a Canadian leader was included in negotiations with a foreign government.

During Sir Wilfrid Laurier's tenure as prime minister, Canada's relations with both Britain and the U.S.A. became more clearly defined and the country moved towards control of its own foreign affairs. The Alaska boundary dispute gave impetus to this will for autonomy. In 1903, Lord Alverstone, Lord Chief Justice of Great Britain, voted with three U.S. commissioners against his

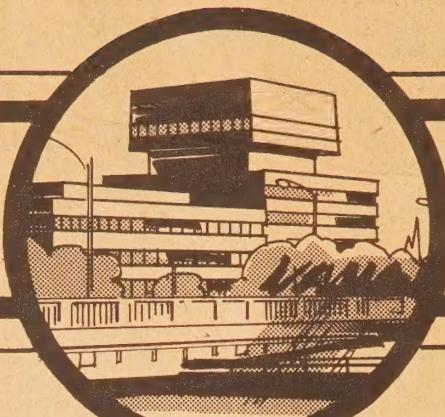
foreign states. Yet Canada did not achieve full autonomy until the Imperial Conference in 1926 which declared Canada to be "equal" in status with Britain, fully responsible for its own foreign policy-making. The following year, in 1927, Canada opened its first legation in Washington, D.C. This bureau was elevated to embassy status in 1943 and Leighton McCarthy was named ambassador. In the same year, the U.S. mission in Ottawa was made an embassy with Ray Atherton as ambassador.



Canadian Embassy - Washington



U.S. Embassy-Ottawa



Us in the U.S.A.

The ambassador is the highest-ranking representative of his government in the country to which he is assigned. Because of the complexity and variety of Canada-U.S. relations, both governments attach a very high priority to the sensitive and careful management of these affairs. Our present ambassador, Peter Towe, took up office in Washington in 1977. Because of the size and diversity of the United States and the extent of Canada's interests there, Canada maintains eight consulates general in major U.S. cities and seven smaller consulates in other areas, including Puerto Rico.

Several provinces also maintain official missions in various cities. British Columbia, Alberta, Manitoba, Ontario, Quebec, and Nova Scotia maintain separate delegations for the purposes of business and tourism development, and travel promotion.

Canada's missions are the eyes and ears - and often the voice - of the government abroad. They have the responsibility of protecting and promoting Canada's interests, conducting negotiations and conclusions of treaties and other international agreements, and implementing foreign policy decisions. They observe and report on political or other developments that can affect Canada/U.S. relations, assist Canadian companies in their business dealings, and advise and protect Canadian citizens. Officers of other departments of the Canadian Government - commercial, immigration, environment, military, or others - may be attached to the mission, working under the general supervision and direction of the ambassador.

Telling tales...

In the making and executing of foreign policy, there is a constant need for accurate knowledge of public opinion on both sides of the border. The development of mass communications has made this so. Today it is no longer enough for an ambassador to explain his country's views to officials of the country to which he is accredited. It is often necessary to inform or seek to influence the general public, or special sections of it. This involves extensive contact with U.S. news and information media, and exchange visits with key "opinion-formers". Also, through a comprehensive public affairs program, Canada works to broaden knowledge and understanding of Canadian life.

...in school

Another means used to develop awareness of Canadian history, politics, culture, is through support and expansion of Canadian studies programs in academic institutions and productive exchanges between students and professors. Major budgetary support has been provided to 20 American universities interested in Canadian studies, mainly by funding conferences, speakers and seminars - as well as to 250 other

institutions offering Canadian courses.

Examples include the Canada/U.S. Law Institute, jointly established by Case Western Reserve University School of Law and the University of Western Ontario's Faculty of Law, to instruct students in the legal systems of both countries; a bicentennial salute to the U.S.A. in the form of a \$50,000-grant to Johns Hopkins University's Center of Canadian Studies.

The Association for Canadian Studies in the U.S.A. has over 500 members in 42 states and publishes a highly regarded journal, *The American Review of Canadian Studies*.

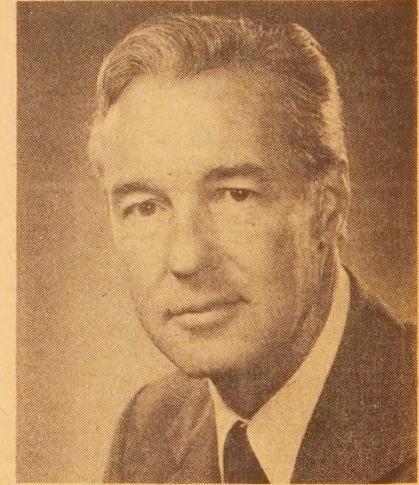
"I used to think that Canadian policy-makers had to be more enlightened. I thought, you know, what an upright little country. Now I understand that its foreign-policy decisions are often as silly as U.S. decisions, but I've got a better respect for the country."

Student, SAIS Canadian studies program.

...and through the arts

The Canadian embassy and consulates undertake cultural activities such as concerts, films, lectures, poetry readings and art exhibitions. Also the Government sponsors a wide variety of performing groups and art displays. As part of Canada's cultural salute to the U.S. bicentennial, the Government donated an "inukshuk", an Inuit stone figure, to the World Sculpture Garden in Philadelphia, and a print collection "Canadian Landscapes" toured the U.S. In the book department, Canada sends French and English titles to universities and public libraries covering Canadian politics, economics, sociology, arts and literature.

Our man in Washington



Peter Milburn Towe, who was born in London, Ontario, joined the Department of External Affairs in 1947. He is no stranger to Washington where he served twice before - once in 1949, and again from 1967 to 1972 when he was Minister Economic. He has also served in Bonn, in Paris at the Canadian

Delegation to NATO, at the Organization for Economic Co-operation and Development (OECD), and as Permanent Representative to the OECD. From 1962 to 1967, he was Deputy Director General of the Canadian International Development Agency (CIDA). Following his posting to Washington in 1972, he was named Ambassador and Permanent Representative to the OECD in Paris, serving from 1972 to 1975. From then to his appointment as Ambassador to the United States, Mr. Towe was Assistant Under-Secretary of State for External Affairs.

The U.S.A. in Canada...

The United States Ambassador is the personal representative of the President and is in over-all charge of the embassy in Ottawa and the seven U.S. consulates general in Halifax, Quebec, Montreal, Toronto, Winnipeg, Calgary and Vancouver. When he takes part in a ceremony, delivers a formal address, or engages in negotiations, he does so on behalf of the President.

As with their Canadian counterparts in the U.S.A., the U.S. consular staff act as on-the-spot observers of matters affecting Canadian-U.S. interests, and their recommendations have a direct bearing on U.S. foreign policy with respect to Canada. They translate into action foreign policy decisions, as well as protect the interests of American citizens and business concerns. They also disseminate information on the United States, its institutions and its people, and respond annually to thousands of requests for information.

Their man in Ottawa



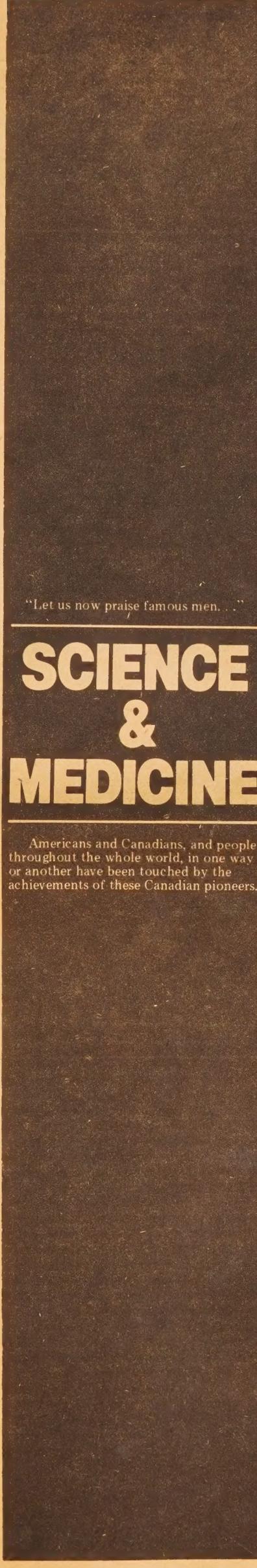
Thomas O. Enders of Waterford, Connecticut, took up his post as Ambassador to Canada in February 1976. He began government service as a research specialist, Division of Research and Analysis for Far East, from 1959 to 1960, and was an economic officer in Stockholm from 1960 to 1963. From then to 1966 he was a supervisory international economist in the Bureau of European Affairs, and from 1966 to 1968, a special assistant to the Under-Secretary of State for Political Affairs. During 1968-69, he served as Deputy Assistant-Secretary of State for International Monetary Affairs, moving to Belgrade where he served as Deputy Chief of Mission till 1971. From then until 1974 he was Acting Chief of Mission in Phnom Penh when he was named Assistant-Secretary of State for Economic and Business Affairs. He held that position until his current appointment.

See Potpourri page 21 for more on Canada's first diplomatic mission south of the border.

A report by the Senate of Canada, *Canada-United States Relations*, is available from the Department of Supplies and Service, Ottawa, Ontario.

SCIENCE & MEDICINE

Americans and Canadians, and people throughout the whole world, in one way or another have been touched by the achievements of these Canadian pioneers.



Dr. Wilder Penfield

Did you know that everything you ever did, everything you ever saw, everything you ever heard is locked in your brain for as long as you live? It can be totally recalled. If your skull were opened and a cell touched with an electrode, you might relive the past.

Wilder Penfield, MD, the founder of the Montreal Neurological Institute, discovered this phenomenon while cutting brain cells to cure a patient of epilepsy. Dr. Penfield was born in Spokane, Washington, in 1891. He went east to school, was a Rhodes scholar and became in time a Canadian citizen, one of the great neurological pioneers, a novelist, and a strikingly independent thinker. He described how he discovered the hiding place of memory: "There was a girl who, in her epileptic attacks, used to have a regular little dream. So I stimulated (with electricity), and it became perfectly obvious that this wasn't a dream — this was a memory. Her brothers were involved in it, and they authenticated it." Dr. Penfield died April 5, 1976.



Dr. Charles Best and Dr. Frederick Banting

In the summer of 1921, Banting and Best, under the direction of J.J.R. MacLeod, MD, worked on a six-week deadline in a borrowed lab at the University of Toronto searching for a substance to control diabetes. They were certain that some natural substance in the pancreas prevented most people from getting the disease. Banting sold his car to buy experimental dogs, and the two scientists ate and slept on the premises. By the end of summer Banting and Best had extracted insulin. Within six months it had been purified and used to save the life of a 14-year-old boy. In 1923 MacLeod and Banting were awarded the Nobel Prize for Medicine and Banting immediately shared his half with Best. Dr. Banting, a surgeon from London, Ontario, was killed in a plane crash in 1941. Dr. Best was born in West Pembroke, Maine, of Canadian parents, and died in Toronto on March 31, 1978. One of the world's most respected medical researchers, Dr. Best was also honoured for his work in developing the anti-allergic enzyme histaminase and heparin, which is vital in heart surgery as an anti-blood clotting agent.



Dr. Hans Selye

While doing research at McGill University in Montreal, Dr. Hans Selye took extracts from the ovaries of recently slaughtered cows and injected them into female rats. The rats got peptic ulcers, their adrenal glands enlarged, and their lymphatic systems atrophied. He tried extracts from other organs and got the same response. He put all the rats on the roof of the medical building, in mid-winter, and they developed the same syndrome. No matter what stress he inflicted on them, they responded in the same way.

Dr. Banting supported Dr. Selye's research and arranged his first small grant. In 1944 Selye published some results in the *Journal of the American Medical Association* and in 1952 he published *The Story of the Adaptation Syndrome*. Today his concept of biological stress is included in medical textbooks throughout the world. In essence it is this: When a person is under stress of any kind his body responds in a predictable way. The stress may be damaging (in which case it is called distress) or it might be exhilarating (eustress), such as news that one has won a sweepstakes. Dr. Selye: "In fact, any situation in life that makes demands upon our adaptive mechanism creates stress."



Dr. David Suzuki

David Suzuki looks like half of a TV team of dashing young cops, the kind who wear embroidered denim shirts and drive sports cars on the sidewalk. Actually he is a TV star, and his shirts are sometimes embroidered. He is also the geneticist who bred a strain of fruit flies that drop dead in the cold, originating a new kind of pest control.

Suzuki is the concerned principal of the CBC's *Science Magazine* a television program to tell the layman, in non-jargon language, what is going on in the labs. He believes science could ruin us before it saves us, and genetics is his principal cause of concern. A native of British Columbia, Suzuki studied genetics at Amherst, then took his PhD at the University of Chicago. He worked for the Oak Ridge National Laboratory in Tennessee, then returned to Canada to the University of Alberta and soon to the University of British Columbia.

In 1967, he and five researchers published *Temperature-Sensitive Mutations in Drosophila Melanogaster I. Relative Frequencies Among Gamma-Ray and Chemically Induced Sex-Linked Recessive Lethals and Semi-Lethals*. It was the breakthrough on pest control, and also one of the reasons why he wants to de-mystify the jargon. Suzuki is still with his fruit flies and UBC.

Foreign Investment

Canada's doors always open

"Throughout Canada's history foreign capital has made a vital contribution to the development of our industrial structure and resource industries. Frequently, foreign

capital brought with it technical and managerial expertise that would not otherwise have been available to Canada. As well, it gave rise to new industrial and trading opportunities. The prospects for the future are no less promising... The Government, therefore, recognizes the important role that foreign capital will play in the future development of the Canadian economy."

-- Hon. Jean Chrétien, former Minister of

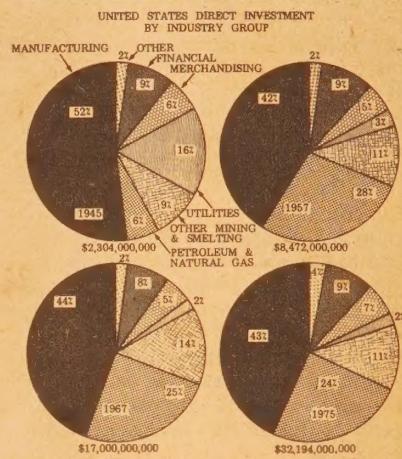
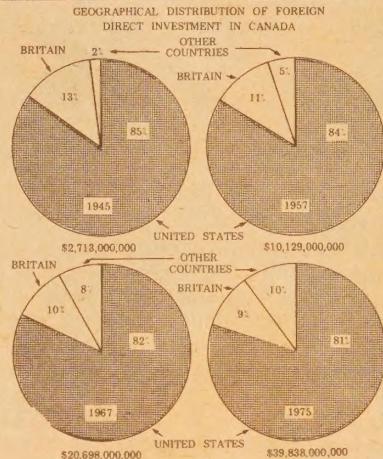
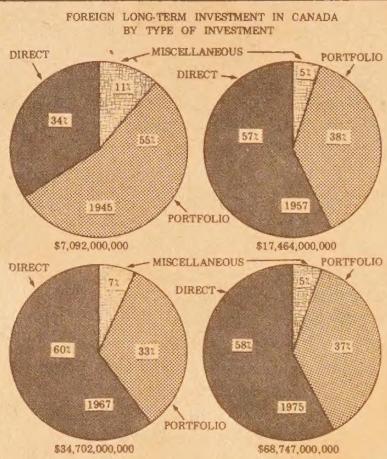
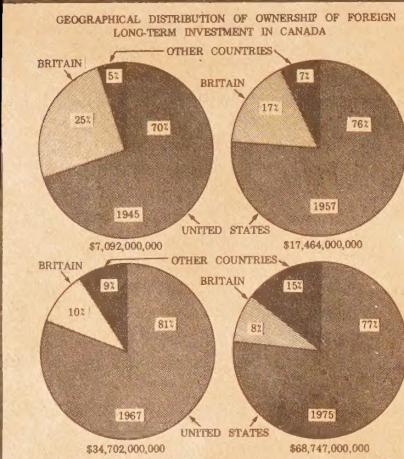
Industry, Trade and Commerce.

Canada has always needed foreign capital for exploration and development as the country is just too big and the population too small to generate all the investment capital required. Thus over the years Canada has been among the most open in the world to foreign investors.

From Confederation until just prior to World War I a large part of this capital came

from Britain in the form of debt securities

to finance railways and other large-scale investment projects. By 1926 the United States had supplanted Britain as the major supplier. Following World War II Canada-U.S. trade and investment links grew at a prodigious rate.



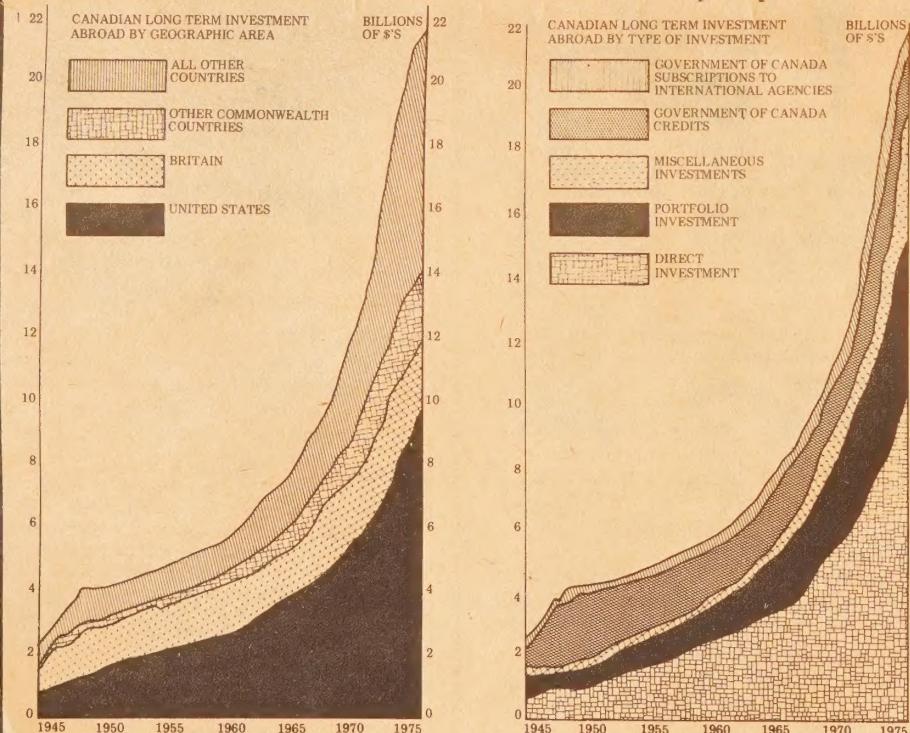
Total long-term investment in Canada today is ten times what it was in 1945. Britain's share continues to shrink as other countries increase, but the U.S.A. still has the largest piece of the pie.

Up to the 50s, portfolio investment exceeded direct investment but after the Second World War, with the expansion of industry and resource exploration, the pattern was reversed.

In 1975, American capital accounted for about \$32 billion, over one third more than the total from all sources eight years earlier.

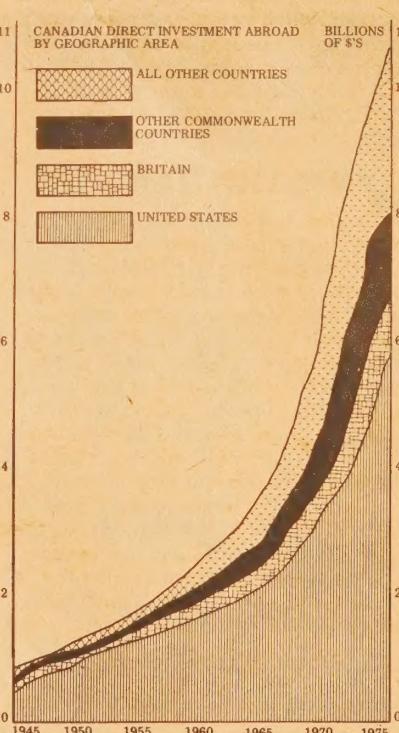
American direct investment was concentrated in manufacturing in 1945, but more was put into petroleum, natural gas, mining and smelting, as these industries grew.

As the following charts illustrate, Canadians also invest abroad, with the largest amount going to the United States. In 1975, Canadians held almost \$6 billion there in direct investments, nearly double the amount of American direct investment here on a per capita basis.

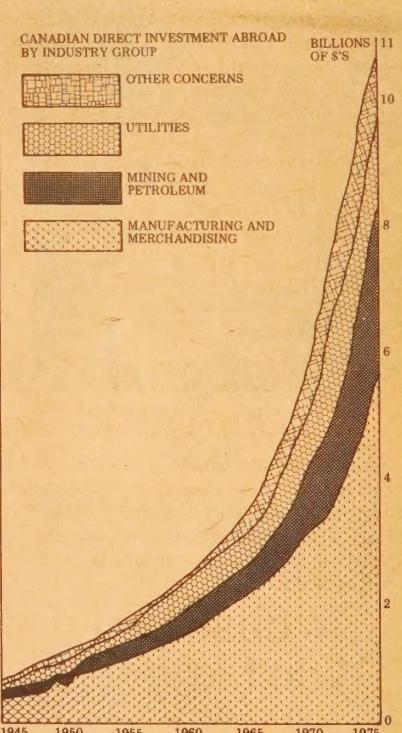


In 1945, the bulk of Canadian investment was shared almost equally by Britain and the U.S.A. 30 years later, the U.S. portion is almost unchanged, Britain's share has shrunk to 11%, and an increasing amount is going to other countries and Commonwealth nations.

Half of Canadian long-term foreign investment is in direct investment and 20% in portfolio, with the balance largely in miscellaneous and federal credits such as deferred interest on loans to Britain and United Nations bonds.



The United States gets over half of Canadian foreign direct investment and, although not shown, the lion's share of portfolio investment - total \$9.5 billion.



Canadian foreign direct investment has been concentrated in mining and manufacturing. In all areas, with the exception of utilities, the United States receives the major share.

Because of the high level of foreign direct investment, in the mid-Fifties there was considerable controversy over the issue of foreign, and particularly U.S., ownership and control of Canadian industry. Yet, for a country like Canada, lacking sufficient financial resources for fully independent development and some of the know-how and the technology needed in its industrial

sectors, a continuing inflow of capital investment from abroad was, and is, an important contributing factor in rapid economic growth.

Therefore after extensive study, the Government rejected the calls of the more radical Canadian nationalists for drastic curbs on foreign investment and instead, in 1973, passed the Foreign Investment Review Act.

Quality... as well as quantity

The Act established a screening procedure for the foreign take-over of existing firms and the establishment of new foreign-controlled businesses. It is not intended to block investment



ENVIRONMENT

Natural resources shared by Canada and the U.S.A.

A glance at a map will show that Canada and the United States share rivers, lakes, and streams, mountains, forests, and plains, and the myriad varieties of fish, birds, and animals that inhabit these environments. Any dramatic shift in the usage or structure of these natural resources on one side of the border is bound to have a reciprocal effect on the other and this can be either beneficial or detrimental. Bilateral agreements, hammered out in a spirit of co-operation and mutual awareness, enable the two national governments to resolve difficulties - often before they arise.



Over two-fifths of the world's longest boundary is water

Some 3900 km of the 8900 km long border lie along or across water bodies. As a result, it is only natural there should be occasional controversies.

A few statistics about the Great Lakes - St. Lawrence Basin alone will show the importance of these boundary waters to both countries. The United States portion contains one-seventh of its national population and produces one-sixth of its national income. This same Basin contains almost two-thirds of Canada's population and more than three-quarters of the country's industrial activity. Although this concentration is disproportionate, nevertheless the Basin is of equal importance to both - to the United States as entry to and for commerce around the Great Lakes, and to Canada as a water link from the Atlantic to its industrial heartland.

Boundary Waters Treaty signed

Late in the 19th century it became evident that many water-rights problems were emerging along this frontier. After extensive bilateral discussions, the Boundary Waters Treaty was signed in 1909. This Treaty set out clear limitations on the freedom with which one country could act in certain cases, if such action might adversely affect the other country and its inhabitants.

The referee is the IJC
The International Joint Commission is a quasi-judicial body set up under the Treaty. It has regulatory powers over certain activities affecting levels and flows in boundary water, and is called upon by governments for advice in other types of environmental questions. Over the years, the IJC has had a notable record of success, with some 7% of their recommendations having been adopted by the two governments.

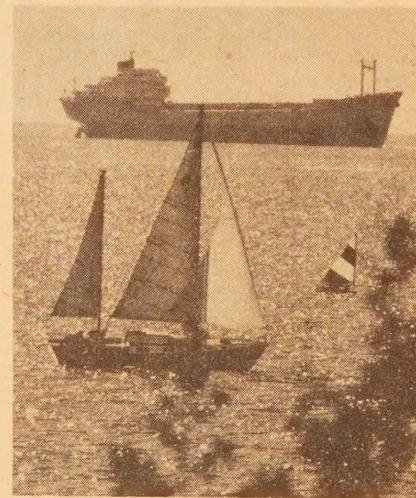
The IJC is composed of six commissioners, three from each country. Each group appoints a chairman and when meetings are held in the United States, the U.S. chairman presides. When meetings are held in Canada, the Canadian chairman does so.

When bilateral discussions fail to resolve a problem, the parties have the option of forwarding the dispute to the Commission for investigation and recommendation. The Commission is scrupulously non-partisan and objective, and employs experts from within the governments or from outside sources.

An international investigative board is appointed by the IJC to undertake technical studies after which it reports and recommends to the Commission. The Commission itself may make public the board's report and hold public hearings before issuing its own report to the governments. Neither government is bound by the report or the Commission's recommendations, although it is rare that favourable action has not been taken.

In fact, in cases of irreconcilable differences, there is a provision in the Boundary Waters Treaty that allows for arbitration, subject to the consent of both countries. This has been invoked only once - in 1937 in a smelter case in Trail, B.C.

Following acceptance of a recommended solution, the Commission can also provide an international mechanism to monitor the operation or assist in its implementation. The IJC is not restricted to water problems, but has examined trans-boundary air pollution as well.



Great Lakes to be cleaned up

Environmental concerns are not new. One of the first requests the IJC received back in 1912 was to consider the pollution of the Great Lakes, then causing an alarming number of typhoid fever cases. At the request of the two governments, the Commission drafted a treaty to deal with the situation but the advent of chlorination provided a solution for that immediate problem. In 1950, the Commission was responsible for supervising remedial action to curb pollution in the lower Lakes, but the long range problems remained. Subsequent to a report requested in 1964 on the state of Lakes Erie and Ontario, in 1972 the Great Lakes Water Quality Agreement was signed between Canada and the United States.

With its specific objective of reducing and controlling pollution of the Great Lakes, this Agreement complements the Boundary Waters Treaty. The IJC has the responsibility of monitoring and keeping under surveillance the programs undertaken by the two countries. In addition it has the authority to publicize its views and recommendations which enable it to criticize either government for not living up to its commitments. It also makes recommendations on the water quality of the Great Lakes.

When can we all go swimming?

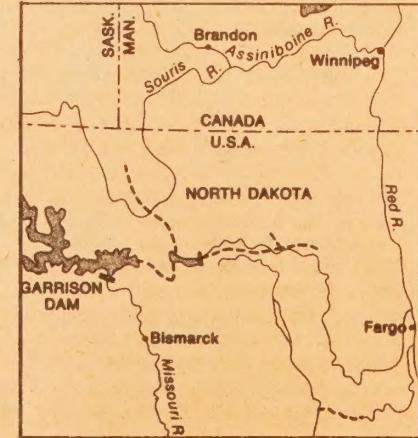
People can now swim, boat and fish in each of the Great Lakes, although Ontario, Erie and Michigan still have some problem areas. Progress has been made, but it may take a decade or more to achieve the basic clean-up goals because of the size of the Great Lakes system. Great Lakes water used for municipal drinking supplies usually requires only standard treatment. Some of the fish contain pollutants, a situation which will take a long time to correct. This is a serious problem in communities where the fish comprise a part of the local diet.



Garrison: The gizzard shad and other unwelcome guests

The Garrison project is another good example of co-operation between Canada and the United States in resolving a boundary environmental problem.

The Garrison Diversion Unit involves the diversion of water from the upper Missouri River into central and eastern North Dakota for multi-purpose irrigation, flood control, water supply, recreation, and the development of wildlife parks. An IJC report issued in 1977 indicated that irrigation return flows entering Canada via the Souris and Red Rivers would cause pollution on the Souris and Assiniboine Rivers and flooding on the Souris - as well as the harmful introduction of foreign fish species (including the gizzard shad), parasites and fish diseases.



into the Red River system, which would eventually affect the important Lake Winnipeg fisheries.

Following the receipt of a number of Canadian diplomatic messages on the subject, the U.S. State Department has promised that no construction of works, potentially affecting waters flowing into Canada, will be undertaken until it is clear that U.S. Boundary Waters Treaty obligations are met.

The U.S. Department of the Interior issued a revised Garrison plan in February, in response to the settlement of a domestic court action brought by the Audubon Society. Canadian federal and Manitoba officials have examined the revised plan. Our Embassy in Washington has written to the State Department indicating that Canada still has concerns about the new project, and asking that more information be provided and fresh talks held.

Meanwhile, a short distance away...

The Saskatchewan Power Corporation is constructing a coal-fired thermal electric generating station, a dam, and a reservoir on the Poplar River which empties into the Missouri River near the town of Poplar, Montana. U.S. citizens have expressed concerns over possible air and water pollution, and more importantly water shortages, of prime concern to farmers who need water for irrigation.

The IJC was requested to investigate and, following a subsequent study and public hearings, is now considering what apportionment of the Poplar River waters it will recommend to the two Governments. The Commission is also studying water quality, and both Governments are working to verify that air pollution will cause no trans-boundary problems.

The people will be heard

Considering today's public concern for the environment, the drafters of the Boundary Waters Treaty demonstrated remarkable foresight in dealing with water pollution. The Treaty states that both boundary waters and waters flowing across the boundary shall not be polluted on either side "to the injury of health or property" of the other. As Maxwell Cohen, current Canadian chairman of the Commission, says "No one now can build an industry or power plant or irrigation project with trans-boundary waters without being concerned about their obligations to the other country."

The IJC is abandoning its traditional low-profile and encouraging input from citizen groups and private interests as well as governments, in order to have all points-of-view before it in its deliberations.

Water, water everywhere and oil pollution

There are other areas of co-operation such as the Joint Canada-U.S. Marine Pollution Contingency Plan for Spills of Oil and Other Noxious Substances. This plan provides for the co-ordination of resources in dealing with pollution incidents along the Atlantic, Pacific, Arctic and Great Lakes boundaries.

Where there's a will, there's a way

The Canadian and American experience with the International Joint Commission approach in resolving conflicts over boundary environmental problems is an example of how a spirit of co-operation and mutual respect for each other's national interests and sovereignty can resolve difficult situations for the benefit of all.

TRADE

The greatest exchange in the world

In 1977, trade between Canada and the United States reached \$60 billion — the heaviest trade between any two countries in the world and the largest cross-border exchange of goods ever recorded. From the U.S.A. we buy things like automobiles and parts, cotton, chemicals, fresh foods, and aircraft. From us they buy automobiles and parts, lumber and newsprint, copper, nickel, chemicals, electronic equipment, natural gas, and oil.

Two-thirds of our exports, or \$30.2 billion, found a market south of the border, while \$29.5 billion of our imports came from the same place. In fact, U.S. sales to Canada are greater than all those to Latin America, more than double those to Japan, and roughly equal those to the entire European Economic Community. We are each other's No.1 trading partner.

All's fur in love and war

The Canadian economy depended on trade long before Confederation. In fact it was the fur trade that first stimulated European commercial interest in the New World. Canadian exports of fish, lumber, grains, and minerals successively provided further stimuli to the country's economic growth. Following Confederation and the building of the trans-continental railway, east-west trade was encouraged by subsidization of freight rates, and tariffs were introduced to protect fledgling secondary industries.

About the time of Confederation, American economic history was developing somewhat differently. Aided by a continent-wide market and a large pool of immigrant labour, the United States was approaching self-sufficiency in food, raw materials, and manufacturing. The U.S.A. maintained high tariffs as well.

The east-west axis turns north-south

During the Depression of the 1930s, Commonwealth preferential tariffs were arranged, giving new impetus to Canada's traditional trade with Britain and other Commonwealth countries. U.S. equity capital, rather than loan capital, then flowed into Canada. U.S. firms found that ownership of branches and subsidiaries enabled them to enter the important Commonwealth market. Concurrently, President Roosevelt began to reduce tariff barriers to encourage world trade.

After World War II, as Britain and Europe strove to rebuild and reshape their shattered economies, Canada's economic relations shifted to the United States. Canadians needed American capital to develop their mineral and petroleum wealth, as well as to expand the manufacturing industry to serve a burgeoning domestic market. U.S. investors realized the advantages of

direct share capital and direct management over loans, not to mention the profits to be made in Canadian resource industries and the availability of stable markets. Consequently large multinational corporations - most U.S. owned and U.S. based - developed in Canada and accelerated trade with the United States. By the late 1960s, nearly 80% of the export and import transactions of U.S. subsidiaries were with their parent companies and affiliates. Today American companies continue to control a large share of principal 'Canadian' industries.

★★★Special★★★ The North American Automotive Agreement

In 1965, the Automotive Pact was signed, heading off a potentially serious trade conflict between the two countries. In an effort to stimulate its automotive industry, Canada had announced a duty-remission plan on imports of new vehicles and original equipment parts up to a pre-determined Canadian value content on exports.

This was challenged by the United States as constituting an unfair "bounty or grant" to promote exports from Canada to the U.S.A. If this challenge had been accepted by the Canadian Government, there would have been an automatic imposition of countervailing duty under U.S. law. Retaliatory measures would have escalated on both sides.

The Automotive Agreement eliminated the duties of both countries on specified motor vehicles and original equipment parts, thereby promoting integration of the Canadian and U.S. sectors of North American automotive production. But the Agreement stopped short of being a complete free-trade pact.

On the U.S. side there was a measure to ensure third-country producers did not escape U.S. duties by bringing their products in through Canada. To prevent the wholesale transfer of its production to the United States, Canada insisted on a safeguard. Duty-free entry was limited to *bona fide* Canadian manufacturers who had to assure the Government they would increase the overall value of Canadian content in the total automotive product sector.

Automotive shipments are now the largest single item of trade between the two countries, in 1977 amounting to \$10.5 billion - from \$1 billion in 1965. The Agreement has stimulated auxiliary U.S. trade in such products as machinery and equipment for expanding production facilities, contributed to Canadian automotive exports to third countries, and increased employment on both sides of the border.

But there are areas of controversy. The United States contends the Canadian safeguards were meant to be transitional. For Canada, a major concern is the total auto trade balance which has generally been in favour of the U.S.A. except for 1971 and 1972. In 1977 Canada had a surplus of \$2 billion in assembled

cars, but a deficit of \$3.1 billion in automotive parts which left Canada \$1.1 billion in the red.

Oh Canada! How does your garden grow?

Throughout the post-war period and into this decade Canadian reliance on the U.S.A. as an export market has remained high. However in the past few years, Canada has sought to lessen this dependence by strengthening its trading ties with other countries, principally the European Economic Community and Japan.

In an examination of Canadian-American relations in 1972, the Government concluded Canada had three options: to maintain its present relationship with a minimum of policy adjustments; to move deliberately toward closer integration; or to pursue a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life and in the process reduce Canadian vulnerability.

This "third option" paper set a new tone for Canadian policy "of living distinct from but in harmony with the United States" which, when coupled with Canadian policy initiatives based on domestic needs and the new perceptions of the national interest on both sides of the border, has resulted in a perceptible change in the relationship. Whereas, in earlier days, bilateral relations had hinged to a large extent on the actions of the United States, now the relationship is increasingly affected by Canadian policy actions, some of which are perceived in the U.S.A. as being contrary to United States' interests. Primary examples of such Canadian actions are related to the price and supply of energy, the restrictions on foreign investment, the regulation of TV and cablevision programming of U.S. origin and Canadian content requirements in cultural and other areas.

On the international front

Canada's international balance of payments consists of two items: Merchandise Trade and Service Transactions. The latter is more often referred to as Invisible Trade and includes travel, interest and dividend payments abroad, management services, freight and shipping, and other miscellany.

In the early 1970s, Canada had a surplus in its international trade account, but not with the United States. In 1972 this surplus became a deficit which continued to grow until 1976 when there were signs of recovery. There continues to be a deficit in the area of travel, although not with the U.S.A. until three years ago. Canada's world travel deficit is now about \$2 billion. Almost half that is with the United States.

Interest and Dividends comprise the largest part of Canada's Invisible Trade, both of which have continually run at a deficit, mainly with the U.S.A. Dividends are paid, of course, to those who

have invested share capital in this country. The interest payments reflect the borrowing abroad by private corporate interests and various Canadian governments and their agencies such as public utilities.

Canadian borrowing leads the world

In 1977, Canada set records for borrowing by raising \$5.8 billion in foreign loan markets, 60% in the United States. One attraction has been the relatively low interest rates available in international markets compared to those in Canada. Higher interest rates at home also encouraged Canadian corporate borrowers to look abroad. While there has been an inflow of funds, it has not been enough to balance the over-all outflow of payments. The cost of paying interest and principal on these debts has contributed to the deficit in recent years because the surplus in our merchandise trade has been insufficient to offset these invisibles.

Canada The United States The World

The health of the Canadian economy cannot help but be intimately linked with that of the U.S.A. which is much less vulnerable to events in Canada. U.S. exports to Canada represent about two per cent of their Gross National Product. For Canada, the comparable figure is 15%.

Some Canadians are concerned that intensifying trade will lead to an over-dependence on the U.S.A. Some Americans are concerned that higher Canadian tariffs on manufacturing and high interest rates which attract U.S. companies to Canada can cost them jobs. This is understandable, and both governments work to combat extreme protectionist pressures. A mutually valuable North American market is a reality.

On the broader international economic front, Canada and the U.S.A. find they have similar goals and ideals, and often find themselves on the same side of the bargaining table, speaking from a North American point of view.

In the immediate post-war period, the two countries played an important role in establishing the General Agreement on Trade and Tariffs (GATT). Today both Canada and the United States participate in the Multilateral Trade Negotiations (MTNs) designed to reduce world trade barriers, recognizing that trade liberalization can contribute significantly to economic growth. Canada, with an industrialized economy and a small domestic market, needs to grow through exports. Foreign trade is increasingly important to the U.S. economy as well. Thus although Canadian and U.S. interests broadly overlap, they are by no means always the same. Our trade relationship reveals our interdependence, and at the same time reveals our distinctive identities. It also demonstrates that we can sit down together and work out problems in harmony and good will.

DEFENCE

THE CONTINENTAL PERSPECTIVE

Canada shares the North American continent with one of the world's two super-powers. Situated between the United States and the Soviet Union, Canada has been likened to the "ham in a sandwich". This is a major consideration in Canada's defence policy and therefore it is in the country's interest to co-ordinate its defence efforts very closely with the U.S.A. on land, sea, and in the air. At the same time Canada must ensure that its sovereignty is respected by friend and foe alike over a huge, thinly-populated area. Also, in the national interest, Canada contributes to the defence of its European allies through NATO and participates in a number of UN peacekeeping operations.

The danger of attack to this continent only began to be realized in the 1930s with the advent of submarine warfare, and later long-range bombers. Until then there had been no thought of the need for a military alliance between the United States and Canada for purposes of mutual defence.

In 1938, President Roosevelt stated "that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other empire". Prime Minister MacKenzie King responded "...should the occasion ever arise, enemy forces should not be able to pursue their way either by land, sea or air, to the United States across Canadian territory". These speeches set the tone for the future development of the continental defence systems of the two countries. In effect, they laid the cornerstone of what is today - Fortress North America.

Security begins at home

After the outbreak of World War II, the two heads of government met at Ogdensburg, N.Y. in 1940 and formally agreed to the creation of the Permanent Joint Board of Defence, a consultative body still in operation today.

In 1949, in response to the pressures of the "Cold War", Canada and the United States joined with twelve (later fifteen) European nations to form the North Atlantic Treaty Organization (NATO), establishing an effective system of collective defence, both in Europe and in North America.

A bilateral agreement was signed by Canada and the U.S.A. in 1958, creating the integrated command, the North American Air Defence Command. NORAD consists of Units of the Canadian Armed Forces and the U.S. Air Defence Command. The agreement has been modified and renewed, most recently until 1980.

The most visible deterrent to a strategic attack on North America is the counterthreat of massive retaliation by a "triad" of intercontinental nuclear missiles (ICBMs), submarine-launched ballistic missiles (SLBMs), and manned

bombers, all controlled by the United States. Part of NORAD's task is to detect and track ballistic missiles and warn of their approach through the Ballistic Missile Early Warning System. NORAD also provides a deterrent to a manned-bomber threat by a combination of early warning and surveillance systems, together with a fighter-interceptor capability.

It is important to note there is no single "mutual security treaty" bringing together all aspects of the defence relationship - a tribute to the mutual trust between Canadian and U.S. defence planners.

United we stand...

Canadian Forces personnel man 24 radar stations across central Canada known as the Pinetree System. In conjunction with U.S. forces, they also operate Canadian stations on the Distant Early Warning (DEW) line which runs roughly along the 70th parallel from Alaska to Greenland. Fighter squadrons are based at Comox, B.C., Cold Lake, Alta., Bagotville, Que., and Chatham, N.B.

Under discussion is a proposal to redefine NORAD boundaries as indicated on the map. When the new regions are formed, in about 1982, two will be in Canada, five in the U.S.A., including one in Alaska. Regional Operations Control Centres for Canada will be North Bay and Edmonton, giving Canada complete control of its own airspace. North Bay will provide an alternative headquarters to Colorado Springs, as it does now.

At sea, joint maritime exercises are carried out by ships and aircraft of the two navies off the Atlantic and Pacific coasts. Canadian maritime forces provide surveillance in their own areas, monitoring

potentially hostile marine operations, including nuclear submarines, primarily as part of their NATO commitments. On land, Mobile Command units exercise

jointly with the U.S. Army.

Other activities involving the armed forces of both countries include search and rescue operations, weather forecasting, and civil emergency planning.

While each country has primary responsibility for control of its own territory, adjacent ocean areas and airspace, each is also prepared to co-operate with the other in the joint defence of the continent.

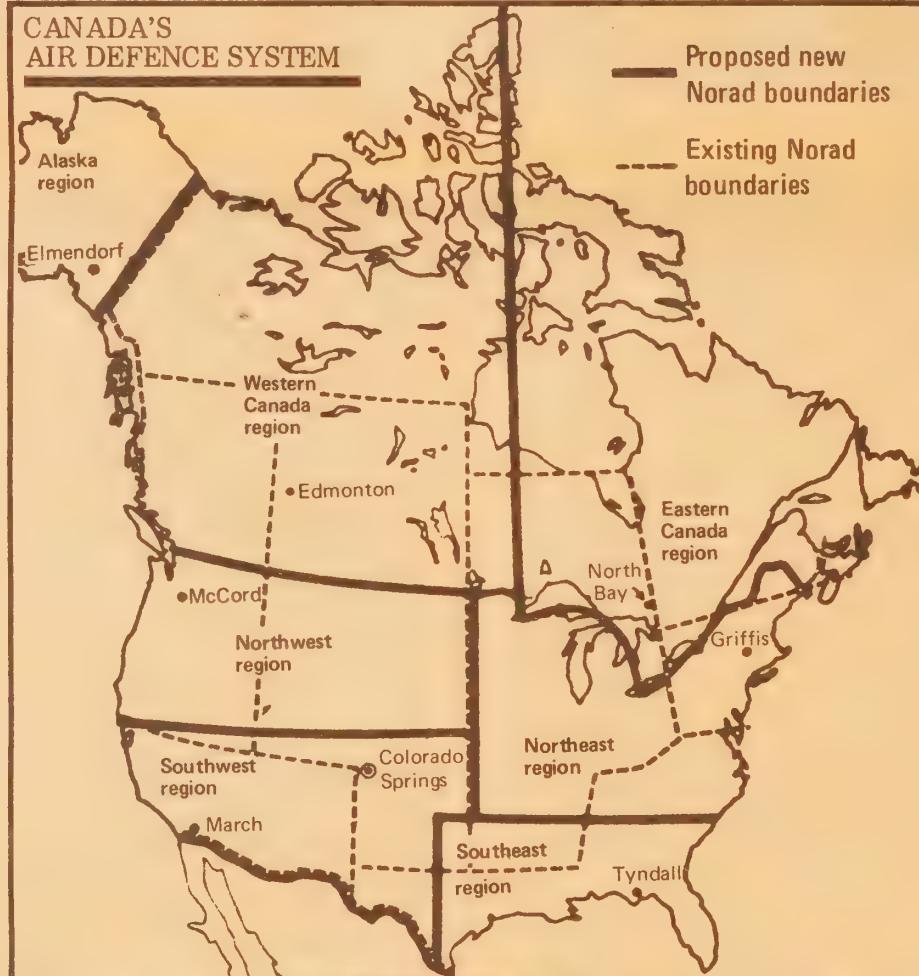
...divided we fall

The world has been described as "hyper-armed". Since World War II there has been a proliferation of armed states, armed forces, conventional and nuclear weaponry. Canada has been in the forefront of those nations seeking to curtail and reverse the arms race through arms control and, eventually, nuclear disarmament. To this end, Canada supports the Strategic Arms Limitation Talks (SALT) between the Soviet Union and the United States,

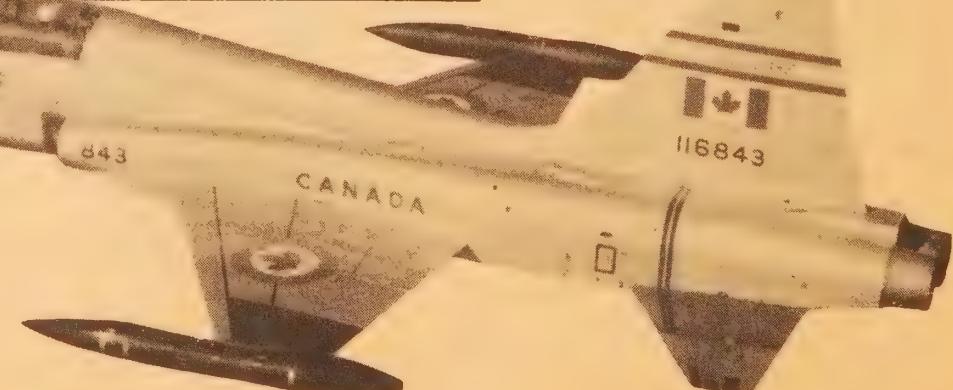


an effort to achieve a quantitative and qualitative balance, and agreement to end nuclear weapon testing and chemical weapons.

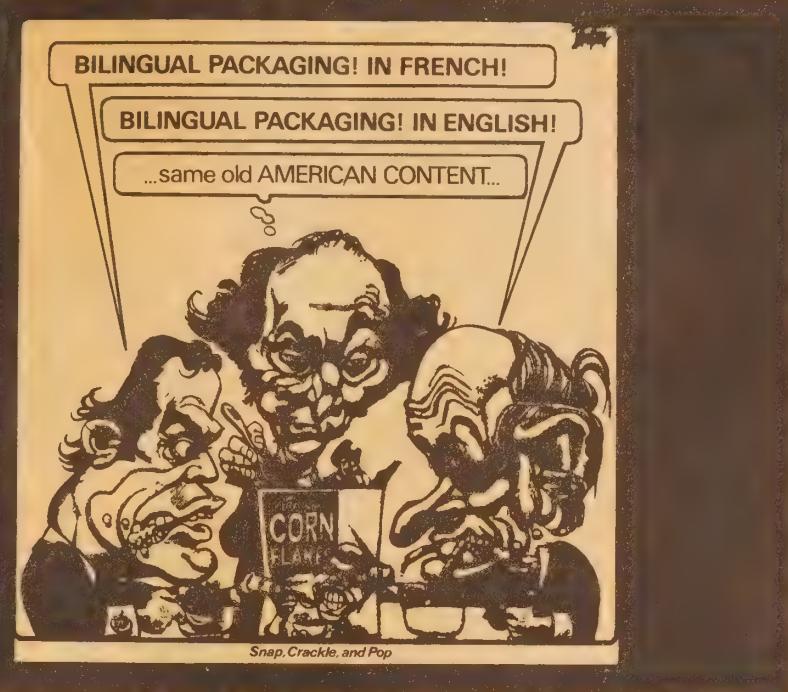
Canada's defence and foreign policies are predicated on the peaceful settlement of disputes. As long as the threat of war is present however, Canada is committed to support its allies in all situations threatening collective security. The combined strength of the



NATO Alliance and the mutual defence arrangements between Canada and the United States can act as a powerful deterrent should any other country consider hostile action. In this condition of rough balance, the atmosphere may be conducive to a de-escalation of tension and perhaps an end to the arms race.



CULTURE



CANADIAN CULTURE, AMERICAN-STYLE

Picture the border: 8,900 km of timberland and brush, rivers and lakes, prairies and plains, mountains, fields, superhighways and country roads. On one side is a powerful and energetic nation of 220 million and on the other - a smaller but no less vital and progressive one of 23 million, 17 million of whom speak the same language as their huge neighbour. American tastes and styles flow freely across this border every day - on television, radio, in books, papers and magazines, in films, even in our schools. Is it any wonder that Canadians have absorbed so much American culture?

There are other factors, of course. We share many of the same interests and habits of mind. To a large extent we share a common inheritance, and to the rest of the world we present an outlook that is distinctly North American. However it is the geography and the economics of communications, particularly mass communications, that make it so difficult to resist the influx of the American cultural stream.

Basic production costs for original work, be it a novel, a magazine, or a television program, are comparable on both sides of the border. As the American market is so much larger it is easier for producers there to recover their investment, and it is profitable for them to sell their wares in Canada at a fraction of the original cost. Finding the money for Canadians to develop as many products, of equal calibre and equal appeal to the smaller Canadian market, is extremely difficult. Because of these economics, and because the Canadian people expect quality, many American media products have been imported into Canada... and with them, American culture.

THE UNCERTAIN MIRROR

Canadians are different from Americans, due in part to Canada's different political tradition and to Canadian society, as a whole more heterogeneous than American society with its "melting pot" philosophy. However there

is a similarity of lifestyles and, for English-speaking Canadians, a common language which makes it easier to absorb American cultural values through the media.

This is not the case with most French-speaking Canadians, especially those living in Quebec. Since the days of New France, French-Canadian society, surrounded by English-speaking people, has sought to protect its language and culture. This language difference has provided a degree of insulation from other cultures and strength for their own.

The spoken and written American word, such as in radio and magazines, has had minimal appeal, but popular American television programs and films are imported and dubbed in French. There are imports from France, but in the main French-language productions originate in Quebec. This has proven a tremendous stimulus for creativity in the communications and entertainment arts, provided vehicles for French-Canadian talent, and strengthened the cultural dynamic. French-Canadians have seen themselves through the medium of television and this has brought a new sense of community, a pride in their heritage and in their accomplishments. As a result they are more determined than ever before to preserve their language and their distinctive culture. This is important in order that they survive as a people.

A MATTER OF SURVIVAL

So it must be for Canada as a whole, that Canadians retain a cultural identity so as to remain a distinct people. To this end, Canadian cultural institutions and mass communication systems have been strengthened and Canadian talent - both English and French - has been encouraged with financial and economic incentives.

For instance, in the early days of radio, when it was found that many Canadian stations were becoming extensions of American systems, a concerned government formed the Canadian Broadcasting Corporation. The CBC provided an east-west network that linked the various regions of the country and provided a measure of Canadian programming. Today CBC /Radio Canada operates a French and an English radio network, both

financed by public funds.

Television developed essentially the same way. CBC-TV has its own stations in some areas, and is affiliated with private stations in others. Via two networks it broadcasts from coast to coast in both official languages. However TV production costs are so high CBC-TV must generate funds from advertising revenues, as well as rely on Federal Government support.

Canadians have acquired a taste for the rich variety of American programming and large audiences are what draw advertisers. CBC-TV has had to take more American programming than it wished to keep a defensible share of the potential audience and the advertising dollars needed to produce Canadian shows. There are also private networks and stations which carry an even higher proportion of foreign programming.

Many areas of Canada are within direct reach of American television stations, and with the growth of cable systems even more Canadians are tuning in to American programming. The problem is not as acute for French-speaking Canadians as the majority of the programming is locally produced in Quebec, both for private stations and for the CBC French network.

THE CRTC - WATCHDOG OF THE INDUSTRY

The Canadian Radio Television Telecommunication Commission (CRTC) is the regulatory body both for the CBC and the private stations. In recent years the CRTC has adopted rules that provide for a minimum percentage of Canadian content on the CBC and the private stations and networks. Radio stations must carry a minimum proportion of Canadian music, a measure which has stimulated the recording industry. Cable systems are required to develop community programming.

WHAT PRICE HOLLYWOOD?

Since the advent of motion pictures, Canada has been the U.S.A.'s biggest customer and Hollywood the biggest producer. Today many films are imported from Britain and Europe but American productions, with their cultural values, still dominate the "Big Screen" in English-Canadian theatres, as do dubbed versions in French. Because of lack of opportunity at home, many of Canada's finest directors, writers, actors, and actresses have found their niche in Hollywood.

But things have been happening. Canada has the National Film Board which has won an international reputation for its documentary films. In recent years the NFB has branched out into feature film-making, particularly in French. The Canadian Film Development Corporation was established in 1967 to provide financing for private production. Generous tax concessions have been granted investors in Canadian films. As a result, more and better films are being made in both languages in Canada today.

THE THREE R'S WERE NOT OURS

In 1969 it was estimated that four out of every five magazines read by Canadians were American or American-controlled. Canadian publishing houses attempting to serve a smaller market were hampered by in-

adequate financial resources. Advertising dollars constitute the major part of a magazine's income and it was in this area legislation was sought.

In 1965, Parliament passed an Act disallowing income tax exemption for any advertising directed at the Canadian market placed in foreign-owned or controlled publications. Exempted from this Act were *Time* magazine and *Reader's Digest*, both of which published Canadian editions in Canada. This exemption caused considerable controversy and consequently it was removed in 1976. *Time* ceased to publish its Canadian edition, but the American edition is readily available on the newsstands. *Reader's Digest* has fulfilled government requirements that it be 75% Canadian-owned and, by the end of 1977, 80% Canadian or Canadian edited content.

Canadian book publishers have had economic problems too, with two publics to serve - one English and one French - spread over great distances, resulting in high distribution costs. They are often in competition with foreign concerns which have subsidiaries in Canada and which also publish Canadian books. Regulations were adopted to restrict importation of foreign editions of Canadian books back into this country. Public interest has been growing in Canadian writing and there is an increasing demand for more Canadian textbooks in the schools.

CHARLIE BROWN IS HERE TO STAY

A new nationalism is growing up in Canada, and Canadians are aware of the cultural pressures from the United States. They realize, as does the Government, that home-grown talent and productions need support and encouragement in order to thrive. The Canada Council, established in 1957, supports the arts, as well as studies in the humanities and social sciences. It has been a great boon to theatre, serious music, ballet, creative writing, painting, sculpture, and the publishing industry.

Canadians want the best of both worlds. They want television programs from American sources - as well as Canadian productions. They read American comic strips and columnists in Canadian-owned newspapers, and many people can't live without the *New York Times* on Sunday. Yet they want to see a strong Canadian publishing industry.

The problem of living next door to a large, dynamic, friendly culture will not go away, but steps are being taken to temper the situation and reinforce our own culture. There is no equivalent situation in the United States, but if there were unquestionably the U.S. Government would act in a similar manner.

Canadians have been enriched by the best of American creative achievement. Thus for Canada, there is no question of a policy of cultural isolation, nor is there any desire to stop the free flow of ideas and cultural materials across the border. The object rather is to provide the stimulus and the financial and economic support so that Canadian culture has a chance to grow, and to be seen, heard, read, understood and enjoyed in its own distinctive way.

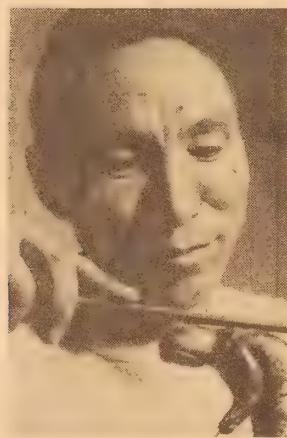
"Canada is in the American orbit and will remain so for the foreseeable future. Canadians could not resist that even if they wanted to, and not many of them do want to. Culturally, both nations should run their own show, and the way to run a cultural show is to let a thousand flowers bloom . . ."

-Northrop Frye

CULTURE

CANADIAN CONTENT

On the North American scene, there's a Canadian presence in all the arts.



Francis Iksik, sculptor



Chief Dan George, actor



Frances Hyland, actress



Dan Hill, singer



Buffy Sainte-Marie,
singer



Patsy Gallant, singer



Norman McLaren,
film-maker



Christopher Plummer
actor



Robertson Davies, writer



Gilles Vigneault,
folk singer



Donald Sutherland, actor



Percy Rodrigues,
actor



André Gagnon,
composer



Toller Cranston,
figure skater



David Clayton-Thomas,
singer



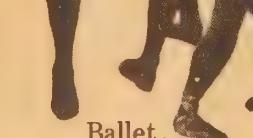
Reid Dow, sculptor



Liona Boyd,
classical guitarist



Karen Kain &
Frank Augustyn,
Ballet



Ballet,
Pierre Lemay
Jacques Drapeau

François Beaulieu
Dominique Ciraldeau



Neil Young, singer



Anna & Kate McGarrigle, singers



Leonard Cohen, folk singer
& poet



Maureen Forrester,
operatic singer



Margaret Atwood,
writer



Guido Molinari, painter



Christopher Pratt, painter



Renée Claude, singer



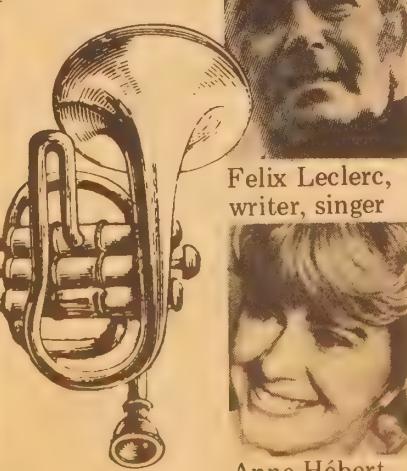
Yousuf Karsh, photographer



Harry Rasky,
film-maker



Alex Colville,
painter



Felix Leclerc,
writer, singer



Anne Hébert,
writer



Anne Murray, singer



Greg Curnoe,
painter



Marie-Claire Blais, writer



Stompin'
Tom Connors,
folk singer

Oscar Peterson, musician

ENERGY

AND NATURAL RESOURCES

The times are a-changing

The second largest item on the U.S. shopping list in Canada is energy and minerals, next to automotive products and parts. In 1976 this amounted to roughly one-third our total exports to that country with crude petroleum topping the category at \$2.3 billion. Canada and the United States are the greatest energy consumers in the world, and both are major producers. Enormous amounts of energy in various forms are exchanged across the border - oil, natural gas, coal, and electrical power. However Canada is now in the position of having to phase out oil exports to the U.S.A. as a result of dwindling supplies and the need to serve the home market first.

During the 1960s and early 1970s, Canadian oil exports to the U.S.A. increased rapidly as U.S. consumption rose, production declined, and import quotas were relaxed. In 1973, the year of the Arab oil embargo, those exports peaked at 1.3 million barrels of oil per day. In the face of a world energy crisis, the Canadian Government re-examined its reserves and discovered that Canada was not the oil-rich nation it thought it was. There was a realization that Canadian oil supplies would not be adequate for the domestic market, beyond 1982.

A hard decision had to be taken to gradually phase out oil exports, giving time to our American customers to find alternative supplies. The export level was therefore reduced as of January 1975, to 800,000 barrels a day. In 1976, the allowable amount was set at 460,000 barrels daily, and in 1977, 260,000 barrels daily - a far cry from the 1973 total.

The way it is

To serve Eastern Canada, we now import almost a million barrels a day, mostly from Venezuela and the Middle East. Thus we have become a net importer of oil. An important aspect of our energy relations is that we must pay international prices for our imported oil and so are increasing prices of our own oil and natural gas, consistent

with world trends.

Americans found it hard at first to adjust to this policy, accustomed as they were to importing Canadian oil, particularly at low prices. Today however there is general understanding and acceptance of Canada's export and price policies. And Canada is ready with help when it is needed. During the severe winter of 1976/77, Canada approved additional exports of oil and natural gas to the United States on a special emergency basis.

About electricity...

Between Canada and the United States, trade in this energy form has been thriving for many years. Electrical grids extend across the border with the current tending to flow southward in summer for air-conditioning and northward in winter for heating. A variety of factors can affect the flow, such as a surplus of Canadian hydro-electric production in times of above-average water flows.

And that "dirty" word coal

Half the coal used in Canada, about 16 million tons annually, comes from the U.S.A., while Canada exports about 13 million tons to Japan. Geographically and economically this can be explained by the fact that eastern consumers are closer to the Appalachian coal fields than they are to those in British Columbia and Alberta. Steam coal provides the basis for a significant proportion of electric power generation in Ontario, while high grade coking coal stokes the furnaces of heavy industry, mainly the steel industry.

President Carter has stated that while coal makes up 90 per cent of U.S. energy reserves, it provides only 18 per cent of current energy requirements. Therefore he has proposed a program of production expansion and industry conversion, integrated with an environmental protection policy - that is, strict strip-mining and clean air standards.

With the aid of the provinces, Canada is also taking inventory of its resources and researching methods of converting coal to gaseous and liquid fuel.

Natural gas: to be or not to be?

Gas exports to the U.S.A. continue at a high level - 40% of Canada's production goes south - but no new long-term export licences have been granted since 1970. Recent discoveries in western Canada have increased the conventional gas supply and last year Canada was able to authorize an additional 40 billion cubic feet for emergency export to American consumers.

The major Canada/U.S. energy issue of 1977 concerned the decision on the transportation of natural gas to markets in the south. The big question was: which overland route, bringing natural gas from Prudhoe Bay and the Mackenzie Delta to U.S. and Canadian markets, would best reconcile diverse Canadian and American interests?

The true North strong and free

For some in northern Canada, the North is a frontier; for others, it is a homeland. So stated Mr. Justice Thomas Berger when he tabled the first part of his report on the Mackenzie Valley Pipeline Inquiry in May, 1977. The Canadian Government instigated this Inquiry in 1974 with the mandate "to determine the social, environmental and economic impact of the construction of a gas pipeline and the cumulative impact of an energy corridor from the Arctic, and to recommend the terms and conditions that ought to be imposed on any right-of-way if such a pipeline were to be built".

Judge Berger held hearings for 19 months in the Northwest Territories and the Yukon, where he heard 317 expert witnesses and over 1,000 people in 35 northern communities. In his report, he recommended that on environmental and social grounds, no pipeline be built across the northern Yukon, but that it would be feasible to build along the Mackenzie River Valley. He also recommended a moratorium of ten years to allow sufficient time to settle native land claims and to establish the new institutions and programs that would naturally follow. Any decisions that would be taken would involve not only northern pipelines, but "the protection of the northern environment and the future of the northern peoples . . .".

The Dramatis Personae

In the above context various proposals were considered. Canadian Arctic Gas Pipe Line Ltd. proposed bringing Alaskan gas from Prudhoe Bay via the northern Yukon to hook up with gas from the Mackenzie Delta for delivery to markets in Canada and the United States. Foothills Pipe Lines Ltd. proposed an alternative route utilizing the Alaska Highway across the southern Yukon through B.C. and Alberta. The latter route was judged to be environmentally acceptable by the Lysik Inquiry, as was the social and economic impact on the region, subject to certain conditions. It is this route that was subsequently endorsed by the National Energy Board and given conditional approval by the Canadian Government in August 1977. Negotiations with the U.S. Government ended successfully with an agreement in principle, and President Carter announced his recommendation to the U.S. Congress in September (see box).

Important Canadian interests include our own supply situation, capital requirements, job allocations, equipment manufacturing, and the

Canadian native peoples. As Judge Berger said "The native people must be allowed a choice about their own future." That is, there must be land claims settlements first.

The native peoples have an understandable concern about their land, their livelihood based on hunting, fishing, and trapping, the future of their society, and the social effects of the southern intrusion on their culture. Too often these factors have been ignored with the consequent breakdown of the indigenous society.

The Strait has a traffic cop

Oil refineries on the U.S. west coast rely on imports of Indonesian, Middle East and now, Alaskan supplies. Access to these refineries is through the Strait of Juan de Fuca which forms part of the Canada/U.S. border. The recent completion of the overland pipeline in Alaska, bringing oil from Prudhoe Bay to Valdez, has meant an increase in the number of U.S. tankers in these waters carrying that oil to U.S. ports.

Canada has long been concerned about large-scale tanker movements in the Juan de Fuca/Puget Sound area. Oil spills can have a devastating effect on wildlife, fishing and lumber industries, shore property and recreational facilities. Therefore Canada has met with U.S. authorities and agreed to a plan for reducing the environmental risk. An oil-spills contingency clean-up plan is in effect. A co-operative vessel traffic management system (similar to air traffic control) is in place and both countries are working towards methods for improving it. Canadian and U.S. officials are also working on the question of legal liability and compensation for damage from oil spills, and towards tighter safety regulations for tankers, and oil terminal construction and operation.

What are we doing to cut down?

In Canada energy conservation has a very high priority and certain actions have been taken by the Government to encourage this. For example, performance standards for new cars have been introduced, assuring that by 1985 total gasoline consumption will be below the level of 1977, even though more cars will be on the road. Taxes have been increased on gas to encourage thrift. Provincial governments have been urged to set a speed limit of 80 km/h on certain highways. Federal sales taxes have been removed on insulation materials and a federal home insulation grant program, totalling \$1.4 billion, has been introduced. Canadians are encouraged to lower their thermostats and turn off lights they are not using.

President Carter's National Energy Plan, which he presented to Congress in April 1977, placed similar emphasis on energy conservation. Some of his proposals include rebating surtaxes on heavy cars to more efficient automobile consumers, and eliminating the discount structure for heavy users of utilities who are currently buying energy at artificially low prices.

The development of alternative sources of fuel, such as solar and other renewable energy sources, is also receiving high priority in both countries.

The Province vs. "The States"

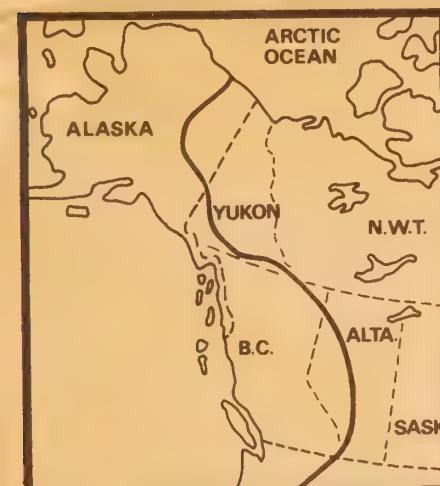
Potash has been a hot item in Canada/U.S. relations. Canada exports two-thirds of its annual production to the U.S.A., accounting for about 70% of U.S. requirements. All production is in Saskatchewan and is roughly three times that of the United States. Both

countries sell in the world market. In 1975 Saskatchewan passed enabling legislation permitting it to buy into the potash industry, some of which is owned and operated by subsidiaries of U.S. companies. In the dispute that developed, the U.S. Government made its concerns known to Saskatchewan which gave assurances that potash supplies to the U.S.A. at reasonable market prices would not be interrupted. This provincial matter is something Americans find difficult to understand. The Canadian provinces have the legal power to expropriate and have a very decisive say in the development and taxation of natural resources within their borders.

Co-operation is the name of the game

On the international front, there is a basic similarity in Canadian and American approaches to long-term energy problems. A Canadian has served as Vice-Chairman of the Governing Board of the International Energy Agency (IEA) since its foundation, an organization in which both countries contribute to energy research and development.

On the home front, in the area of resource sharing the Canada/U.S. relationship continues to evolve. Americans are increasingly aware that we have our own domestic needs to satisfy, as well as having a genuine concern for the problems and needs of our neighbour. Both sides of an issue are given a fair hearing through regular bilateral discussion. Co-operation is very much the theme in energy relations, as demonstrated by the successful negotiations of the northern gas pipeline agreement.



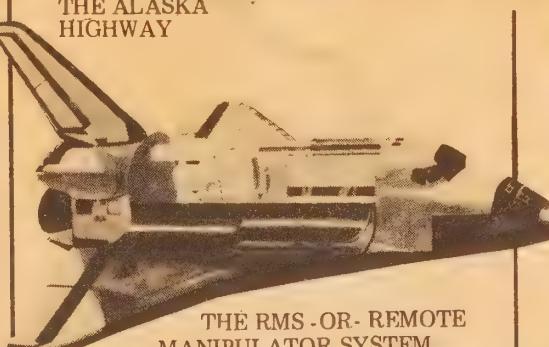
September 1977 - CANADA AND U.S.A. SIGN PIPELINE AGREEMENT. ALASKA HIGHWAY ROUTE CHOSEN.

After weeks of tough negotiations, Canada and the United States have agreed on a gas pipeline route to bring northern natural gas to southern markets in the U.S.A. and Canada. Beginning at Prudhoe Bay, the privately-financed pipeline will wind through Alaska, parts of the Yukon, British Columbia and Alberta, on to the lower 48 states. There is the possibility that eventually a spur line, the Dempster Line, will be built from Dawson, connecting with the main line at Whitehorse, to carry gas from the Mackenzie Delta. The U.S.A. will pay up to 100% of the spur line provided any cost overrun of the main pipeline does not exceed 35%. Its cost share would then be reduced. The builders, Foothills Pipe Lines Ltd., will pay a property tax to the Yukon of \$30 million maximum annually for the life of the pipeline. This tax, which could amount to a billion dollars, is to provide compensation for social and economic costs. An advance payment of \$200 million will be made to cover the building period.

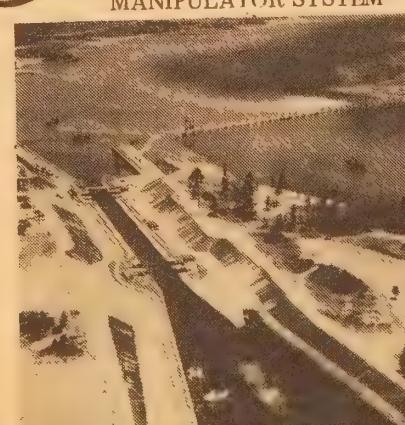
JOINT VENTURES



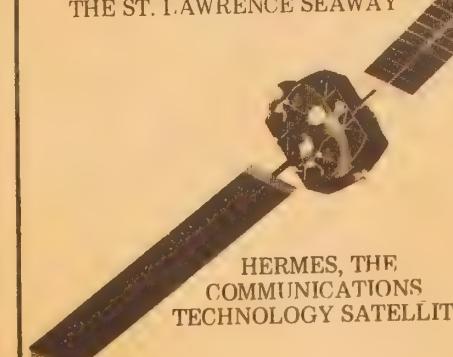
THE ALASKA HIGHWAY



THE RMS - OR - REMOTE MANIPULATOR SYSTEM



THE ST. LAWRENCE SEAWAY



HERMES, THE COMMUNICATIONS TECHNOLOGY SATELLITE

YESTERDAY THE ALASKA HIGHWAY

One of the construction triumphs of the world, the 1,523-mile Alaska Highway took a little more than nine months to build back in 1942. Built by the United States through mountains, muskeg, and mosquitoes, the Highway was a joint defence project with Canada, stretching from Dawson Creek, British Columbia, through the Yukon to Fairbanks, Alaska. In 1946, Canada assumed exclusive control of the Canadian section. Once an emergency wartime road, the Alaska Highway is today a vital transportation link between the principal industrial regions of the U.S.A. and Canada and the rich natural resources of Alaska and the Yukon, contributing much to the development and economy of the North.

THE ST. LAWRENCE SEAWAY

The St. Lawrence Seaway, opened ceremonially in 1959 by Queen Elizabeth II and the late President Dwight Eisenhower, is another concrete example of Canadian/U.S. co-operation. The Seaway is a system of canals, locks and channels linking the Atlantic Ocean and the Great Lakes for the navigation of commercial shipping. The pleasure-boating public also uses the system.

There are 16 locks between Montreal and Lake Superior, and Canada maintains and operates 13 of them. There are seven in the Montreal/Lake Ontario section, including two operated by the U.S.A.; eight on the Welland Canal between Lake Ontario and Lake Erie, and one at Sault Ste. Marie, between Lakes Huron and Superior, also U.S. operated.

TODAY HERMES, THE COMMUNICATIONS SATELLITE

As part of a continuing Canada/U.S. collaboration in the peaceful uses of outer space, this unique satellite - said to be the world's most powerful - was launched from Cape Kennedy in January 1976. Canada designed and built the spacecraft whereas the U.S.A., which provided its high-powered transmitting tube and pre-launch support, carried out the launch.

Hermes, named for the Greek god of science and eloquence, is the forerunner of a new type of high-powered orbiting transmitter, designed to provide a wide range of expanded communications services in the 1980s. At present, it is being used for a series of social, technological, and technical experiments by various groups on both sides of the border.

For example, with *Hermes*, Canadian and American radio astronomers have developed a way of linking several telescopes in real time to more accurately measure the size and shape of distant galaxies and quasars. Students at Ottawa's Carleton University and Stanford University in California have shared lectures over a 45,000-mile earth-space-earth-link. And this is only the beginning.

AND TOMORROW THE RMS - OR - REMOTE MANIPULATOR SYSTEM

Sometime in 1980, a Space Shuttle will take off from bases in Florida and California, putting a manned spacecraft into orbit for up to 30 days. From the flight deck, an astronaut will be able to retrieve malfunctioning satellites already in orbit, maybe even repair them with a mechanical arm - the RMS - more than 15 m long.

This Remote Manipulator System is being designed, developed, and built in Canada by a consortium of Canadian firms under contract to the National Research Council of Canada. The NRC and NASA, the U.S. National Aeronautics and Space Administration, are co-chairmen of the joint management and engineering working groups for the project.

The RMS resembles the human arm in form and function with shoulder, elbow, and wrist joints, and a hand. It will be capable of handling satellites as big and heavy as a bus.



INTERNATIONAL UNIONS

WHAT ARE THEY?

Less than one-third of the paid labour force in Canada and the United States is unionized. In Canada this represents about 2.9 million persons, just over 50% of whom belong to international unions. Overwhelmingly American, with their entire headquarters and 92% of their membership in the U.S.A., these unions are another example of the interdependence that characterizes the U.S.-Canada relationship. Concurrent with the rise in Canadian nationalism and the call for more economic and cultural independence has been a similar demand in union circles for either independent Canadian unions or increased autonomy from U.S. dominated labour organizations.

SIX DAYS SHALT THOU LABOUR

Canadian people have been attempting to improve their working conditions as far back as the 18th century. In 1794 a group of Quebec voyageurs staged the first strike in Canada to protest low wages. There were unions of skilled workers in Saint John and Halifax during the War of 1812. Quebec City had a printers' union in 1827, as did Hamilton in 1833. However in those early days most unions were local and short-lived, hardly surprising considering the atmosphere of the times. Employee treatment was often not very different from that of slavery, a practice abolished by Britain only in 1807.

In their efforts to establish unions, Canadians followed an example already set in Britain and the U.S.A. Large numbers of skilled tradesmen immigrated to Canada and the British especially brought with them the traditions of an established trade union movement which had grown from the Industrial Revolution.

COME INTO MY PARLOUR

The first "internationals" were British with the Amalgamated Society of Engineers organizing its first branch in Montreal in 1853. The first American union was the Iron Molders (1861) which had members in Montreal, Hamilton, Toronto, London, and Brantford. Printers worked both sides of the border and established ties at an early stage. Railway workers also formed a union alliance.

American internationals were often invited in by Canadian local unions who wanted to join organizations with money, members, and clout. Also the work force was highly mobile and membership made it easier to get jobs on either side of the border. There were many other local Canadian unions that did not join, from shipyard and port workers to those in construction and the service trades, from St. John's to Victoria. With the adoption of the Federal Government's national policy in 1879 and the building of the Canadian Pacific Railway,

Canadian industry—with its reliance on both British and U.S. investment—began to expand and unionism with it.

SOUTH OF THE BORDER

In colonial America, slaves and indentured servants were the primary sources of labour, the latter being, men, women, and children who worked off their passage by selling their labour. Once done, they could follow their own trades as there was a great need for trained artisans and mechanics. With the formation of cities and towns, itinerate labour settled down, one-man bands gave way to employer-employee concerns, and the industrial society was born. As in Canada, trade organization at first tended to be small, local and temporary, but with the development of transportation, trades became organized along national lines.

HERE TODAY, GONE TOMORROW

In 1873, a depression hit the country and most unions collapsed. Unemployment rose to 20%, wages fell, longer hours came in, and labour again renewed its activities with the formation of the Knights of Labour. This organization grew from a little group of nine garment workers in Philadelphia to over 700,000 members, 12,000 of them Canadians. The Knights were mainly responsible for the organization of unskilled men and women - hitherto ignored - although they did not neglect the skilled and often had mixed assemblies. They disapproved of strikes in principle, but in 1883 one of their unions, the United Telegraphers, conducted the one genuinely international strike in North America against the big telegraph companies on both sides of the border.

Many craft unions opposed the Knights and formed the Federation of Organized Trades and Labour Unions of the United States and Canada (FOOTALU). The organization included skilled and unskilled, but with power in the hands of the skilled. Eventually strike failures, a weak leadership, and continued conflict with FOOTALU led to the Knights' demise. However, although they failed, they revealed the strength of labour solidarity as a challenge to industry.

The Knights remained a little longer in Canada, particularly in Quebec where they enjoyed the support of the Catholic Church. They were largely responsible for organizing the first trades and labour councils where the trades made way for the unskilled. Out of these in 1883 came a national central body to speak collectively for labour, the Trades and Labour Congress (TLC).

HERE TO STAY

The AFL In 1886, the American Federation of Labour was formed which

FOOTALU joined, as well as numerous other national trade unions. It established a full-time salaried post of president and a permanent labour organization was at last established. In time virtually all unions except the brotherhoods, whose members were employed in the service trades such as the railroads, affiliated with the AFL.

The CIO Henry Ford's mass production techniques, mechanization of basic industries and communications, eventually led to rumblings for a new kind of unionism, industrial versus craft. Conflict arose between the AFL and the new Congress of Industrial Organizations whose members were organized by industry. For example, in Detroit the CIO organized the Big Three - General Motors, Chrysler, and Ford. Eventually the AFL was forced to recognize the changing times and an organic merger of the two organizations was achieved in 1955.

NORTH OF THE BORDER

In Canada, with the support of the TLC, the AFL under its American president, Sam Gompers, pursued a vigorous organizing activity. Canadian unions and the TLC were not strong. American industry was spreading into Canada because Canadian labour was cheap. Industrial unionism, compulsory arbitration and socialist talk was in the air. There was also the threat of dual unions. By 1902 the AFL was strong enough to expel these rival organizations and weld the mass of Canadian unionism into the AFL international system.

It destroyed the unity of Canadian workers, pitting the conservative East, mostly Ontario, against the more turbulent West where socialism and industrialism were taking root. French-Canadian workers, with their different language and culture, were of no interest to Gompers.

HOW THE WEST WAS NOT WON

Working conditions were worse in the West. The boom was on and over one million immigrants arrived from the industrial slums of Britain and the pogroms of Eastern Europe. Working class politics and trade unionism came with them. In the post World War I depression, radical elements attempted to organize the One Big Union and secede from the TLC, considered to be under the thumb of the AFL.

In the Great Winnipeg Strike of 1919, the AFL, abetted by the TLC, specifically instructed Canadian members to act as strike-breakers, and refused to allow sympathy strikes in other parts of Canada. When the strike was broken radicalism was crushed but the militancy remained.

1 FOR THE MONEY, 2 FOR THE SHOW, 3 TO GET READY

New labour organizations came on the scene. In Quebec, the Canadian Catholic Confederation of Labour (CCCL) was formed in 1921. Dominated by the Catholic Church, the CCCL, strongly nationalistic and opposed to internationalism, attracted many workers ignored by the TLC and the AFL. In other parts of Canada, those unions expelled in 1902 formed the All-Canadian Congress of Labour (ACCL).

As in the U.S.A., mass production industries were coming on line requiring a different union organization, which was strongly opposed by the craft-obsessed TLC and AFL. The CIO was asked to come in but was busy organizing industrial unions in the U.S.A. Finally Canadian workers began organizing CIO unions on their own. In 1937, following a successful strike at the GM plant in Oshawa, the CIO moved in and organized unions in steel, automobile, electrical, rubber, and pulp and paper industries. The workers flocked to join.

In 1939, the CIO merged with the ACCL to create the Canadian Congress of Labour (CCL). Thus by 1940 there were three major labour centres in Canada: the TLC, dominated by the AFL, the CCL, less obviously by the CIO, and in Quebec, the CCCL, from above by the Catholic Church. Years later, in 1960, the CCCL was revamped, revitalized - all clerical ties severed - and renamed the Confédération des Syndicats Nationaux (CSN).

AND 4 TO GO

Following the lead of the AFL-CIO, in 1959 the CCL and the TLC merged into the Canadian Labour Congress (CLC). The executive had hoped to bring in the Quebec-based CSN to form a truly national body but, leery of U.S. domination, the CSN held off.

THE POLITICS OF UNIONISM

In the United States, the AFL-CIO has wielded considerable political influence but supported no particular party. The basic principle in U.S. trade unionism is non-participation. This was the philosophy of AFL President Gompers, that is to "reward your friends and punish your enemies". He believed that unions should "fit into the American System", that workers should defend their immediate economic interests without challenging the capitalistic system. Top union leaders identify with corporate leaders and practice "business unionism". Still craft-oriented, there is no great drive to organize others as the American workers, on the average, earn more than

those in any other industrial nation.

In Canada, there was a departure from the non-participation policy. Influenced by labour party success in Britain, the new Canadian Labour Congress joined with a fledgling western labour party (CCF) to found the New Democratic Party. However most Canadian workers still support the old-line parties and as yet, the CLC does not have much political clout.

I'M ALL RIGHT JACK

In the 70s, with the slowing down of the U.S. economy there was a trend for many international unions to protect the jobs of American workers. They pressed for import restrictions and in 1971 an import surcharge was imposed by President Nixon. Canada argued that its special relationship justified an exemption and reminded the Americans that Canada was not a cheap labour country, under-cutting American workers. Canadian union leader protests were ignored by the AFL-CIO. When the chips were down, the internationals looked after their majority membership, the 92% who were American. This was a hard pill for the minority to swallow.

CANADIAN LABOUR BATTLEGROUND SCENE

Clearly union activities have closely paralleled American corporate involvement in the Canadian fabric, and labour today is regarded by some as the battleground for the nationalists vs. the continentalists. Canadian unions in the Canadian Labour Congress are influencing the structure and power of the CLC and diluting the strength of the AFL-CIO connection. In fact membership in international unions has dropped from 72.1% in 1960 to 51.4% today, in part due to the formation of national unions.

Until 1974, the largest union in Canada was the United Steel Workers of America. Now it is CUPE (Canadian Union of Public Employees). The United Paperworkers International have broken ties and become independent. Within the internationals themselves there have been demands for greater autonomy. A contentious issue, apart from the locus of decision-making, is the millions of dollars collected in dues by the internationals each year, versus the disproportionately small amount they spend in Canada. Conversely American representatives see themselves as mediators in inter-union squabbles, claiming they have been asked to do so. There are economic interests who prefer the *status quo*, such as the multinationals who find it more convenient to deal with branches of the same union.

In addition to these internal conflicts, Quebec labour remains outside the mainstream of North American unionism, making it difficult for Canadian unionism to present an integrated front. Thus Canadian labour will continue to be fragmented and international unions will remain on shaky ground until the issues of independence and autonomy are resolved.

WORKING AND LIVING

Minimum hourly wage for adults 18+ as of Jan. '78

Quebec	\$3.27	New York	\$2.30
Alberta	\$3.00	California	\$2.50

Average weekly unemployment benefits paid in Dec. '77

Canada	\$105.84	U.S.A.	\$81.53
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Average price of a single family home in 1977

Canada	\$55,570	U.S.A.	\$49,500
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Average mortgage rate

Canada	10.5%	U.S.A.	8.5%
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Average daily cost per hospital bed

Canada	\$112.22	U.S.A.	\$118.00
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Potential work time lost due to strikes

1977	Canada 0.15%	U.S.A. 0.17%
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1976	Canada 0.55%	U.S.A. 0.19%
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LABOUR DAY

There has been a lot of controversy over the origin of Labour Day. Americans claim to have initiated it and certainly the Knights of Labour agitated for it in New York when they paraded on the first Monday in September in 1882, 1883, and 1884. Canadian unionists maintain it started in Canada in 1882 when there was a labour-sponsored celebration in Toronto. Before that, at the time of the 1872 Toronto printers' strike, there was a public gathering. In any event, in 1894 both Congress and Parliament passed bills making it a legal holiday throughout the U.S.A. and Canada. Labour Day is celebrated on May 1st in most other countries.

ANOTHER ROAD

The Confederation of Canadian Unions (CCU) was founded in 1971 as a "voice for those who believed in a united Canadian labour movement". CCU policy is to persuade Canadian unions to form one powerful centre as an alternative to the CLC, leaving it with its international unions. The CCU also hopes to act as a catalyst, convincing individual unions to break away from the parent body and affiliate with Canadian unions. Growth has been very slow. In 1975 there were just over 20,000 members, mostly in western Canada. However the questions raised by the CCU contribute to the debate on union and CLC domination versus Canadian nationalism.



Madeleine Parent is the most prominent spokesperson for the CCU. A convent-bred girl from middle-class Quebec, Mme. Parent was a determined union organizer of French-Canadian industrial workers and became an enemy of Premier Maurice Duplessis during his second period in office (August 1944-September 1959). He had her indicted for seditious conspiracy, persuading many citizens that she was a Russian Communist who had been landed from a submarine. She was not, of course. She and her late husband, Kent Rowley, were founders of the all-Canadian Textile and Chemical Union.

Bilateral ABCs

A

... is for AUTOMOTIVE AGREEMENT



D

... is for DEFENCE POLICIES and AGREEMENTS



G

... GREAT LAKES WATER QUALITY AGREEMENT



K

... KITH, KIN, and KISSING COUSINS!



N

... NORAD and NATO, and NUCLEAR CO-OPERATION



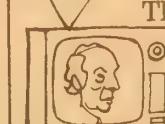
Q

... QUOTA RESTRICTIONS on both sides of the border



T

... TV, TRAVEL and PRIME MINISTER TRUDEAU



W

... WEST COAST TANKERS with cargos of oil and gas



B

... is for BOUNDARY DELIMITATIONS



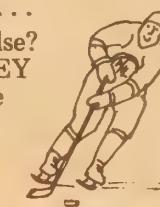
E

... is for ENERGY and ENVIRONMENT



H

... What else? HOCKEY and the NHL



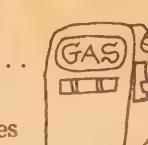
L

... is for LAW OF THE SEA including the 200 MILE LIMIT



O

... OIL, yes but our national interests come first



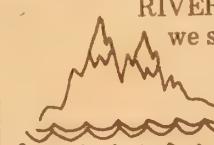
P

... PACIFIC SALMON, POTATOES, POTASH and the PIPELINE



R

... ROCKY MOUNTAINS and RIVERS we share



S

... SPACE RESEARCH and the SPACE SHUTTLE SYSTEM. We co-operate



U

... UNITED STATES OF AMERICA - our biggest trading partner and ally



V

... VOCIFEROUS NATIONALISTS



XYZ

... All the busy beavers at EXTERNAL AFFAIRS who created this folio so you'd have a better understanding of our close-knit relationship, and an appreciation for the wide range of subjects which must be constantly negotiated between US and the U.S.A.



A Tale of Two Cities



*"Let the Old World, where rank's yet vital,
Part those who have and have not title.
Toronto has no social classes —
Only the Masseys and the masses."*

by B.K. Sandwell 'On the Appointment of Governor-General Vincent Massey, 1952'.

The Masseys may not be much in evidence these days, but the masses are. Post-World War II immigrants have changed the face and outlook of this former bastion of things British. The white, Anglo-Saxon, Protestant image of "Toronto the Good" has been replaced by a lively, multi-cultural cosmopolitanism and North American drive. This sprawling, dynamic city has come a long way from the days in the 16th century when it was an Indian encampment, marking the southern end of the most important portage linking the great lakes Huron and Ontario.

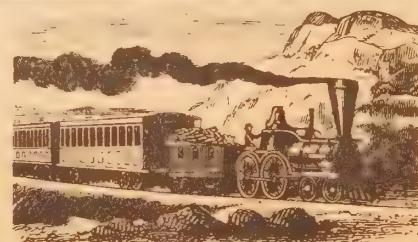


Toronto - the name is a Huron Indian word meaning "a place of meeting". About 1720 a French trading post was established here and later, in 1750, Fort Rouillé was built by order of the Governor of New France, Le Marquis de la Jonquière to protect French interests in the fur trade. The fort was burnt in 1759 to prevent its use by the British.

Later, in 1793, Fort York was established and the settlement became the capital of Upper Canada. During the War of 1812, the fort was captured by American troops, the last time it saw action. In 1834, York was incorporated as a city, population 9,000, and the name was changed again - to Toronto.

From time to time it has been unflatteringly called 'hogtown', a reference believed to date back to its earlier days as 'muddy York'.

The coming of the railroads in the 1850s stimulated the city's industrialization and commercial activities but growth was slow. It was the post-war boom of the 1950s and 60s, the flood of immigrants and capital, and the opening of the St. Lawrence Seaway that did the trick. Today Toronto is



the financial, communications, industrial, and corporate centre of Canada. Situated at the hub of an area known as "The Golden Triangle", the city produces one-third of all Canada's manufactured goods. In fact, Toronto leads all North American cities in industrial growth and now, with a metro population of 2,803,000, may be the largest city in Canada. The next census will tell us this for sure.



Toronto's third new City Hall, opened in 1965, was the beginning of a rejuvenation of the city's core. Designed by the late Finnish architect, Viljo Revell, the complex consists of two curving marble-veneered towers which enclose a domed council chamber, all poised over a 3-storey podium. The Civic Square provides 15 hectares of space for open air concerts and ceremonial events, and a large rectangular pool which becomes a skating rink in winter. A large bronze sculpture by Henry Moore graces the main entrance and just inside the main doors is the "Metropolis", a sculptural mural by David Partridge, a naturalized Canadian from Ohio. Created from over 100,000 common nails, this unusual mural is a symbolic interpretation of a great city.

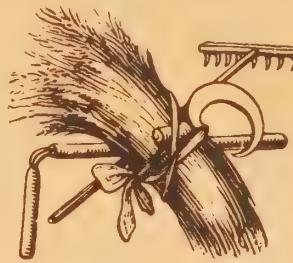
Toronto has many churches but no really grand cathedrals. However it does have grand bank buildings, a reflection of the city's booming prosperity.



*"Hog Butcher for the World,
Tool Maker, Stacker of Wheat
Player with Railroads and the
Nation's Freight Handler;
Stormy, husky, brawling,
City of the Big Shoulders;"*

So did the poet, Carl Sandburg describe his favourite city, as vital and turbulent as its history.

Its name comes from an Indian word *checagou* which means "strong" or "powerful". Commonly used as a portage, the site drew traders and trappers from the East who became its first settlers. The French built a mission there in 1696 which was taken by the British in 1763, and evacuated by them in 1794 after the War of Independence. In the early 1800s Chicago became the terminal for the Illinois and Michigan Canal, opening a waterway to the south and west. Soon after incorporation as a city in 1837, grain for world markets poured in and almost immediately it became the largest grain exchange in the world. After the grain came the herds of



hogs and cattle for the slaughterhouses. Associate industries sprang up. The Civil War and the building of the railroads stimulated tremendous growth in the population and the economy.

In 1871, one-third of the city went up in smoke when Patrick O'Leary's cow kicked over a lantern but houses and businesses were quickly rebuilt and growth continued. The Prohibition era of the 1920s brought a certain notoriety to Chicago when this free and easy city became the home base for criminals like Al Capone. Following World War II, immigrants arrived by the thousands, leaving the mark of their cultural diversity on present-day Chicago.

Today the hog market is no longer there, but the grain exchange still is. Chicago is the world's largest inland port, has the world's largest rail terminal and the world's busiest airport. With a population of nearly eight million, it is the second-largest city in the U.S.A. after New York. The breezes off Lake Michigan have earned it another name - the Windy City.

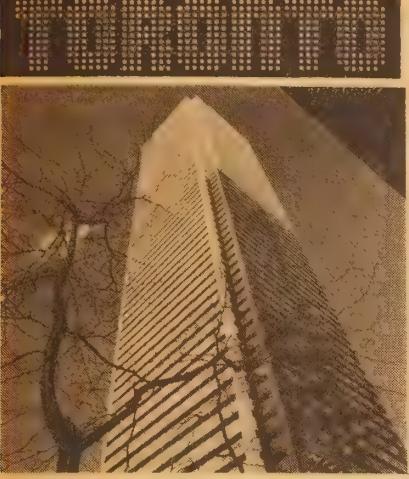


The landscaped plaza at Chicago's Civic Centre - a breath of fresh air in the hear the inner city - is dominated by the world's tallest original sculpture. Designed for the city by Pablo Picasso, it weighs 149 metric tons and stands 15.2 m high. Only Picasso knows for sure what it really is, and he's longer with us.

Did you know? The First United Methodist Church of Chicago is the tallest church in the world. It's 173.2 m from the street to the tip of its Gothic tower.

Chicago has been called the modern architectural capital of the world with a rich tradition that dates from the time of the Great Fire. The Chicago school has included such 'greats' as Louis Sullivan, Frank Lloyd Wright, Mies van der Rohe, and Daniel H. Burnham. It was Burnham who first proposed the city's famous system of parks and forest preserves, and a lakefront free commercial activity.





The First Bank Tower is the greatest of these, the largest bank building in the world, the tallest building outside the U.S.A., and the Ontario headquarters of the Bank of Montreal. This 285.2 m, 72-storey edifice is clad in over 46 400 m² of Carrara marble — more than Michelangelo ever saw. The work of Edward Durrell Stone and Vincent Fournier, the Tower is the focal point of what will be the First Canadian Place, a complex covering almost three hectares.

Commerce Court, head office of the Canadian Imperial Bank of Commerce, is a grouping of four buildings around a unique courtyard. At 239.1 m, Commerce Court is the largest stainless steel-clad structure in the world — designed by I.M. Pei.

Another architectural giant, Mies van der Rohe designed the Toronto-Dominion Centre, headquarters of the Toronto Dominion Bank. The Centre consists of four main structures, the tallest of which is the 56-storey Bank Tower — only 225.7 m high.



Finally there's the 'Golden Skyscraper', the *pièce de résistance* of the Royal Bank Plaza. Two triangular towers — vertical pleats of shimmering bronze, pink granite and glass — are linked by a gigantic glass-covered plaza which incorporates a landscaped garden court. Webb, Zerafa, Menkes, Housden was the only Canadian firm to design one of these giant banking structures, all of which are located where the action is, in the heart of Toronto's financial district.

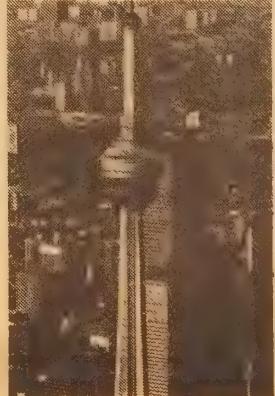
Fact! The Toronto Stock Exchange ranks third in volume of shares traded in North America after the New York and American Stock Exchanges.

It's really not important which city has the biggest this or built the tallest that. It is fun and interesting to discover that both have so much in common. . . and so much to boast about. And there's so much more. There's Toronto's new Metro Toronto Zoo and the new Science Centre; the Art Gallery of Ontario with the world's largest collection of Henry Moore sculptures; and futuristic Ontario Place. There's Chicago's Art Institute with one of the world's largest and most respected art schools; the

A major redevelopment project in downtown Toronto is the Eaton Centre, a mercantile showpiece containing Canada's largest department store, the T. Eaton Co. Limited. This huge store has almost 93 000 m² of retail space spread over nine retail levels. It has the world's longest blouse bar and the largest cosmetic centre in North America. There are 300 other stores too, and an interior shopping mall topped by a vaulted glass roof that filters natural sunlight down through trees, fountains, and sunken garden courts, bringing the outdoors in.

Timothy Eaton (1834-1907), founder of the Eaton empire, opened his first department store in Toronto in 1869. With two policies he revolutionized the commercial practice of his times: by selling goods for cash at fixed prices and by guaranteeing "Goods Satisfactory or Money Refunded". As business prospered, he built up one of the largest department stores in North America and eventually opened branches in cities across Canada.

Canada's first general mail order catalogue was a T. Eaton innovation. At first it was printed in English and French and was often referred to as "the farmer's bible". It survived from 1884 until 1976 when it was abandoned for economic reasons. The largest mail-order house in Canada today is Simpsons-Sears conglomerate, another merchandising giant whose headquarters is in Toronto.



The world's highest post office can be found in Toronto — in the world's tallest free-standing structure, the CN Tower. It's 553.33 m from the top of the antenna mast to the ground. Commissioned as a communications centre, it holds antennas for 8 TV channels and 11 FM radio stations. It's got the world's highest restaurant too. Or so they say. On a clear day you can see Buffalo, N.Y.

Toronto has its "dream castle", a 98-room potpourri of Norman, Gothic and Romanesque styles, complete with a secret staircase and hidden panels. Casa Loma was built between 1911 and 1914 by Sir Henry Pellatt, soldier, financier, industrialist, who had a life-long passion for castles from medieval times. Sad to say, Sir Henry's pocket book couldn't keep up with his dreams and the castle was taken over for taxes. It's now a museum and a fine example of one Torontonian's eclecticism.

The University of Toronto is Canada's largest with over 46,000 full and part-time students. It was here, in 1921, that insulin was discovered by Dr. Frederick Banting and Dr. Charles Best. Dr. Banting and Professor J.R. MacLeod (as head of the physiology department) were awarded the Nobel Prize for this achievement. Banting shared his half with Charles Best.

Field Museum, one of the world's largest natural history museums; the Brookfield Zoo; the famous Museum of Science and Industry and — Ripley's Believe It or Not Museum.

Then there's music. Both cities boast famous symphony orchestras, and both cities love jazz. Both cities have national league hockey, baseball, and football teams.

There's fine dining and a wide variety of cuisines — which brings us to the people. After all "What is the city but the people?"



Famous buildings in Chicago include the First National Bank, 259.3 m high and until recently the world's tallest bank building. In the plaza, the bank features a 21.3 m long mosaic by Marc Chagall.

There's also the Merchandise Mart, the world's largest commercial buying centre, and the Wrigley Building of chewing gum fame.

The city has been experiencing a recent building boom in skyscrapers. The tallest building in the world is here — the 447.9 m high Sears Tower, home of the Sears, Roebuck Company.

Then there's the John Hancock Centre, known locally as Big John. It's the world's largest combined office and apartment building, and the world's fifth tallest building.

The fourth tallest building is here too — the Standard Oil Building. Designed by Edward Durrell Stone, it stands 346.25 m high.



The Playboy Building has the world's most powerful aviation beacon, visible for 800 km — under ideal conditions.

A financial tidbit — the Midwest Stock Exchange, in value of stock traded, is second to the New York Stock Exchange in North America.

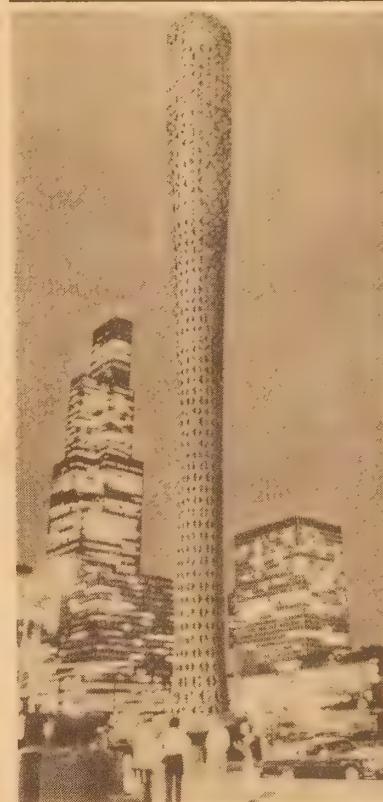
The heart of Chicago is known as the Loop because of the elevated transit tracks that girdle the central business district.

Here is famous State Street, created as a shopping area from a swampy piece of land after the Great Fire. "Meet me under the clock" refers to one of the world's largest department stores, Marshall Field and Company. A landmark for more than a century, the store has an inner court rising 13 storeys and a rotunda topped by a Tiffany dome made of 16 million separate pieces of glass.

Marshall Field (1834-1906) opened his great emporium in 1881 which quickly became notable for its customer innovations such as restaurants, personal shopping services, and home delivery. In an age notorious for its casual business ethics, Field was noted for the correctness of his. He operated a one-price store and insisted on good quality and courteous customer treatment.

A Chicagoan, Montgomery Ward, pioneered the mail order business in 1872 with a catalogue designed to serve rural markets. His judgment in choosing merchandise and a money-back guarantee ensured its success. That catalogue, with Sears-Roebuck's, makes Chicago today the mail order capital of America.

New is 74-storey Water Tower Place, a fashionable shopping and commercial complex built around Chicago's famous Water Tower. The turreted landmark was one of the few public buildings to escape the Great Fire.



Also new is Claes Oldenburg's lattice-work-steel baseball bat, or as it's more technically known, batcolumn. (Batman please take note!) Nearly 31 m high, it stands in front of the Social Security building.



Chicago has its Cubs, Hawks and Bears (read baseball, hockey and football teams). . . and the world's largest post office. 26,000 people work here.

The University of Chicago, world famous for its advancements in research, is the site of the first atomic chain reaction, achieved by Nobel Prize winner Enrico Fermi on December 2, 1942.

They're what give these cities their vibrant life and colour. Both can boast a multiplicity of cultures, in the main a heritage of the Second World War. Today almost one-third of Chicago's population are Blacks, mainly from the southern U.S.A. who've brought their love of life and rich traditions to this gutsy city. In Toronto the largest non-WASP group are probably the Italians who numbered about one in eight of the city's inhabitants in the last census. Then there are the Germans and the Irish, the

Ukrainians and the Scandinavians, the Orientals, and the Indians, both East and West, and more, all flavouring the life and art of these sprawling lakeside cities. It's a cultural buzz!

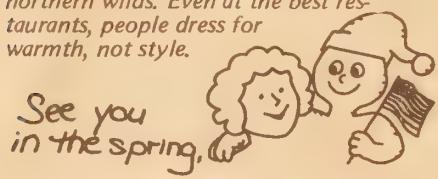
Of course there are differences. A major one is size for Toronto has only about one-third the population of Chicago. But it's growing fast. In fact, Toronto is on its way to becoming a boom town as Chicago was, and continues to be, in the 20th century.

Potpourri

A yankee in Quebec

Dear family,

The winter blahs have really set in by February. The January temperatures - counting ever-present wind-chill factor - can drop as low as -50°! To solve the problem of "indoortitis", a natural result of such conditions, French-Canadians thumb their noses at Old Man Winter by welcoming Bonhomme Carnaval to town. It's a time to bundle up in the warmest clothes you have - don't come without your long johns or you'll be sorry. Good warm boots, a woolly long scarf to wrap around your head, mouth and nose, and warm gloves are absolute necessities. Ski clothes are the popular dress although the scene is always enlivened by some colourfully and fantastically dressed beings - usually male - in long fur coats, raccoon-type caps, or wild plaid blanket-coats reminiscent of outfits worn in 1920s movies portraying typical French Canadians in the northern wilds. Even at the best restaurants, people dress for warmth, not style.



Love Pat



Gordie Howe, with his two sons before 1974 Canada/U.S.S.R. hockey series

"French culture does not come into our homes with cable TV. We are Americans because we live in America; but since we are French we are different, and we do have a culture although the culture has always been colonized by the French. We are now reacting to that. Since the language is different from the rest of North America's, it's easier for us because the mother (France) is very far away. I'm very American, I'm much more American than French because I know all about the American theatre." — Michel Tremblay, playwright

BORDER TWISTER ANSWERS

The quotation is from remarks made by Prime Minister Trudeau to the National Press Club of Washington, D.C., on March 26, 1969. It reads: "Americans should never underestimate the considerable pressure on Canada which the mere presence of the United States has produced. Living next to you is in some ways like sleeping with an elephant. No matter how friendly and even-tempered is the beast, if I can call it that, one is affected by every twitch and grunt."

The key words are: (a) exports, (b) Garrison Diversion, (c) Leighton McCarthy, (d) Bellow, (e) Prudhoe Bay, (f) National Hockey League, (g) Pinetree, (h) W.W. (Woodrow Wilson), (i) Automotive, (j) St. Lawrence, (k) embassies, (l) Maine, (m) Punch (Imlach), (n) Lundy's Lane, (o) interest and dividends, (p) tariffs, (q) nineteen, (r) Waters, (s) typhoid fever, (t) hemisphere, (u) defence, (v) senate, (w) C.C.F. (Co-operative Commonwealth Federation), (x) C.R.T.C. (Canada Radio-Television and Tele-communications Commission), (y) unlimited, and (z) Ah!



"Je me réjouis, comme parlementaire, d'avoir l'occasion de prendre la parole en cette enceinte historique, où tant de vos grands hommes d'Etat se sont illustrés. J'en suis avec tout les Canadiens très honoré et je vous apporte leur plus cordial salut. Votre accueil si généreux si chaleureux confirme ce que j'ai toujours senti, que le Canadien aux Etats-Unis est chez des amis."

From an address by Pierre Elliott Trudeau, Prime Minister of Canada, to the Joint Meeting of the House of Representatives and the Senate of the United States. February 22, 1977.



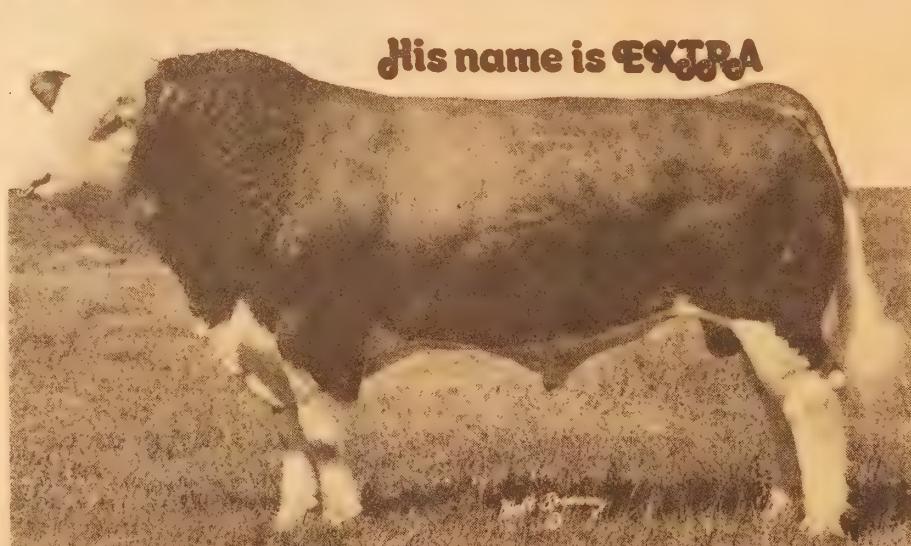
Anyone for Klosterbrot?

Nineteen years ago Mr. Dimpflemeier of Islington, Ontario brought fine rye bread recipes from Germany to Canada. Now his bakery sells 10 million pounds of bread a year. Many loaves are flown daily to specialty shops in the United States. There are 17 varieties and one of them is Klosterbrot which translates into monastery bread. Mr. Dimpflemeier says his rye is the only authentic German rye bread sold in the U.S.A.



Oka Doka

Oka - the name derives from the village of Oka in Quebec - is the only specialty cheese unique to Canada and is now being exported to specialty stores in the eastern states and Florida. It was first produced by Trappist monks in 1893, who brought the recipe with them from Port du Salut Monastery in Entrammes, France. Today it is made in a large and growing commercial laboratory, still entirely by hand, the original recipe is still being followed closely, and the cheese is still being cured and hand-washed in the original cellars. Oka is a soft ripened cheese with a mild, nutty flavour, used as a dessert cheese with fruit, nuts, or crackers.



Last year Americans bought 60% of all the bull semen Canada exported - which is a lot of bull semen. It amounted to a \$4 million investment for farmers, ranchers and breeders who wanted to improve their beef and dairy cattle with fine strains from the north. The frozen semen came south in little aluminum containers, many of which were filled

by Western Breeders Ltd., a nine-year-old firm, which has more than 120 studs at its stations in Calgary and Regina. Three to eight c.c.'s of semen are drawn from each bull twice a week, a process which requires an attendant with a portable catcher and a certain amount of nerve, to say the very least.

It's a mad mad world

A Canadian company, CAE Electronics has developed and manufactured an airborne magnetic anomaly detection (MAD) system used in anti-submarine warfare and geophysical exploration. A highly sensitive magnetometer, usually mounted at the rear of an aircraft, it can measure changes in the earth's magnetic field as small as one part in five million and has a superior submarine detection capability. Airborne MAD equipment is used by the defence forces of the United States and Canada.

Jolly Jamboree



Boy Scouts from Fort Erie, Ontario meet their American counterparts from Pittsburgh, Pennsylvania to plan their good deed for the day, like the Kiwanis Clubs, Rotary Clubs, and the host of other organizations from both countries that work together for a good cause. Whenever we meet, we are our country's best ambassadors.

The immigrants

Canada and the United States exchange citizens on a scale which may be unique. In 1976 some 17,350 Americans came to live in Canada, and 16,326 Canadians went to live in the U.S.A.

The two-way flow is historic. British loyalists fleeing the aftermath of the American Revolution settled in New Brunswick, Quebec, and Ontario, and trainloads of American farmers moved to Canada's prairie provinces in the late 19th and early 20th centuries. Between 1897 and 1930 over 1,435,000 Americans went north - 120,000 in one year alone, 1912. Meanwhile, Canadians were leaving home in similar, if less conspicuous, waves. There are at least two million people of French-Canadian origin in New England, the descendants of those who came to work in the mills in the mid-19th century.

The exchange grew significantly after World War II. The greater flow was first to the south - during the 50s an average of around 19,000 Canadians settled in the U.S.A. each year - but the number of American migrants grew steadily, from 7,799 in 1950 to over 20,000. The number of Canadians migrating did drop sharply, but in 1976 the balance was almost equal.

There were, of course, more casual visits. During 1975, some 34,582,241 short excursions were made from the U.S.A. to Canada, and 32,962,814 from Canada to the United States. (Since there are only 23 million Canadians, obviously some went more than once.)

Canada-US Immigration	
1974	
TO CAN	26,541
TO U.S.	11,385
1975	
TO CAN	20,155
TO U.S.	11,177
1976	
TO CAN	17,350
TO U.S.	16,236

(By last country of permanent residence)
U.S. Immigration & Naturalization Service, Statistics Canada.

All the print that's fit for news

Some 11,089 U.S. newspapers are printed, with very few exceptions, on a familiar paper called newsprint. Last year Canadian softwood trees were converted into 12,682,742,000 pounds of the stuff, worth \$1.90 billion, for shipment south. In total, two thirds of the newsprint used in the U.S.A. came from Canadian trees.



Three-sided Christmas trees

Speaking of trees, each year lumberjacks cut 3,500 billion cubic feet of wood from Canadian forests and, among other things, they cut Christmas trees. More than three million "No. 1 or Better" cross the border - that is, those with three out of four good "faces" or sides.

New France and New England

In the 17th century the continental hinterland was controlled by Canada (New France) through a string of fortified trading posts and a peaceful accord with the western Iroquois tribes. The New England colonies, realizing their chances for westward expansion were limited, sought to enter into a commercial alliance with Canada. An invitation was sent to Quebec in 1647 and the following year a mission was despatched to Boston, headed by a Jesuit priest, Père Dreuillette as envoy plenipotentiary to the New England colonies. However negotiations became deadlocked over a treaty clause which provided for an offensive and defensive alliance against the Iroquois. The Canadians insisted on the clause, the New Englanders demurred, not wanting the powerful Iroquois nations to attack their colonies. The deal fell through although a tacit *modus vivendi* was achieved with the New York and Pennsylvania colonies.

From time to time, and notably during the War of the Spanish Succession, further efforts were made at arriving at some formal *entente* between the French and English colonies as there was one thing in which they were agreed - that European conflicts should be kept out of North America, but such was not to be. Otherwise North American history might have taken quite a different turn.

FASHIONS & FRILLS

The clothing industry is the largest labour intensive manufacturing employer in Canada. It exports about four per cent of its output, mainly in fur goods and outdoor clothing. The United States, because of proximity, similarity of tastes and a high living standard, is the principal market.

High Fashions For Low Temperatures

Almost a thousand selected fashion buyers from the United States received round-trip tickets to Canada last year as the Government's contribution to the industry's intensive sales campaign. It must have been a help because in 1977 Canada sent \$69 million worth of fashion goods to the U.S.A. which represents 56% of all fashion exports to all countries. In fact, total fashion exports increased by 16.3% to \$123.2 million.



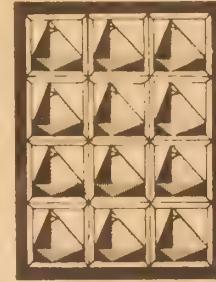
The Fashion Designers Association of Canada, one of the movers behind this promotional push, captured the attention of the fashion world when they held their Spring/Summer '78 Trend Show collection in Montreal and Toronto in advance of the prestigious *prêt-à-porter* displays in Paris. This was a North American first.

Children's outerwear is a big seller as Americans have found Canadian coats to be much warmer and their overall quality high. Then, there are furs - traditionally an important peg in Canada's economy and, because of their quality, one of Canada's most sought-after resources. There has been an impressive effort on the part of manufacturers and designers to create a unique Canadian fur look, involving a new concept in international fur styling. Judging by the success of designer Leo Chevalier's showing in May in New York (he got three standing ovations), the future for the fur industry looks bright. Sales of furs to the United States increased 71% to \$10.6 million in 1977.

Gifts From The Sea

The sailing ships of Nova Scotia have always been famous, and perhaps none more so than the schooner *Bluenose*, immortalized first on the Canadian dime and now an old fashioned Canadian bed quilt. The quilt, which won a Design Canada award for crafts, was created by Vicki Lynne Crowe of Suttles and Seawinds, Ltd., a cottage industry in Nova Scotia.

It takes 150 women on a piecework basis to meet the sales demand in Canadian shops and New York outlets for this and 34 other traditional and contemporary quilts, not to mention decorator pillows with fascinating names like *Fanny's Fan* and *Fat Filly Heart*, place mats, chair covers and tote bags, apple dolls, and now - women's fashions: quilted jackets, vests and gowns. Because of the many hours of hand work involved prices are high, so these imaginative products are designed for the carriage trade.



SPORTS

Special thanks to Doug Fisher, sports writer, for his contribution to this article.

For more than a hundred years, games and matches between Americans and Canadians have been commonplace. And a lot of those games were developed right here in Canada.

Ice hockey originated in Montreal with a group of sports fans looking for a winter game. In the winter of 1874-75, they put lacrosse and football together and came up with hockey. 20 years later it was introduced in the U.S.A. by American students who had played the game in Canada.

Montrealers also had a unique brand of football, distinct from both English soccer and rugger. They used an egg-shaped ball, and the rules allowed touchdowns to count in the score. Harvard University played a game against McGill in 1874 and was so enthusiastic about the form, it pressed for changes in the pattern and rules of the U.S. game.

The Iroquois game, lacrosse, was given its present name by French-Canadian settlers. Given rules and formalized, it was first played by non-Indians around 1840 before being picked up by eastern American universities.

Basketball was a Canadian invention, the brain child of an outstanding Canadian athlete, James Naismith, who developed the game when he was instructing at the YMCA in Springfield, Mass. in 1891.

Curling and figure skating, though not of Canadian origin, were well-developed and competitions were held in eastern Canada long before the nearby eastern States. The oldest curling club in North America, the Royal Montreal, was established in 1807.

Cricket, though not a major sport today, was played in both countries as early as the 18th century. The first formal international match in cricket's history was played between Canada and the U.S.A. in 1844.

By the 1860s, rowing and sailing competitions and regattas were common from Cornwall to Detroit. Indeed, the first world-famous athlete of modern times came out of these competitions - Ned Hanlan of Toronto. In his heyday in the 1870s, he defeated the best scullers of Canada, the United States, England and Australia, and became a household word in North America. During these years, the U.S.A. developed baseball and by the 1880s it was a common summer game between Canadians and Americans.

The Un-common Market



We still play together. Today Vancouver and Toronto are involved in the burgeoning North American professional soccer league; Montreal and Toronto in big league baseball. There are now more pro American hockey teams than there are Canadian. Yet the Montreal Canadiens drafts more American hockey prospects than does any American team in the NHL. American

baseball, basketball, and football players are prominent on many Canadian teams, as Canadians are on American hockey teams. An estimated 600 Canadians attend American colleges every year on athletic scholarships as runners, divers, swimmers, football and tennis players. Although Canada and the United States compete in most international sporting events, there is one that is closed to American athletes. That is the Commonwealth Games, slated to be hosted this summer by Edmonton, Alberta. Only members of the Commonwealth family can participate.

What's the Score?

In the United States, the schools, colleges, and universities have provided the core structure for coaching and development in most sporting activities. In Canada, clubs and communities have been the keys, though now sport is an integral part of the curricula of most schools and universities. Also, at the federal and provincial levels, and through the Canada Games, the Commonwealth Games, and international meets, Canada is supporting and nurturing athletes of world class in almost every sport.

Game Plan



GAME PLAN DES JEUX

A Sport Canada program, Game Plan, was recently announced by the Federal Government. Its purpose? To develop Canada's amateur athletes for international competitions, particularly the Olympic, Commonwealth, and Pan-American games. An Athlete Assistance Program will provide \$1.8 million in aid to eligible athletes, enabling them to continue their academic or working careers - and their sport. In return they are expected to train intensively in pursuit of world class performance. The new program has the blessing of the Canadian Olympic Association and national sport governing bodies.

A Shot in the Arm



The 1976 Olympics were a tremendous boost to amateur sport, arousing an interest in Canadians everywhere in physical fitness and competitive sport. Although Canada did not win a gold medal in its own back yard, the Summer Games were still one of our best and we took home five silver and six bronze medals.

Greg Joy of Vancouver, B.C., won a

silver when he had a leap of 2.23 metres in the High Jump. He was one of those 600-odd Canadians on an athletic scholarship in the U.S.A. - this one at the University of Texas in El Paso.



Diane Jones of Saskatoon brought home a gold medal from the Pan-Am Games in 1975 when she achieved her personal best - 4673 pts. in the pentathlon.



Russ Prior, Ottawa, is Canada's premier weight-lifter, ranking ninth in the world. He won three gold medals in the 1975 Pan-Am Games.



In 1904 Canadian athletes had one of their finest Olympics when they won four gold and one silver medal at the Games in St. Louis. One of these was Etienne Desmartheau, a policeman. The City of Montreal refused to give him time off, so he quit and hitchhiked south. He threw the 25-kilo weight 10.465 metres and won the gold medal. The city, ashamed of itself, gave him back his job.

We meet on the Ski Hills too

For seven seasons the Canadian American Ski Trophy Series has been recognized as the premier North American ski racing circuit, surpassed only by World Cup and National Championship meets. In 1978, Canadian and American teams will compete under a new name - the North American Ski Trophy Series.



Success in these Nor-Am races can lead to World Cup and Olympic Team berths. Points are earned by competitors who finish in the first ten places in any of the slaloms, giant slaloms, or downhill events, and each may count his or her three best places in each specialty for the overall combined title. This title was won in 1977 by a Canadian, Raymond Pratte from Rouyn-Noranda, Quebec.



Kathy Kreiner of Timmins, Ontario, is a former Can-Am (Nor-Am) racer. In 1976 she was Canada's only gold medalist in the Winter Olympics at Innsbruck, Austria. For this Giant Slalom win, and her success in World Cup and other events, she was inducted into Canada's Sports Hall of Fame in 1976.

And now~ the Football Field!



On January 8, 1978, the first Can-Am Bowl game was played at Tampa, Florida, between a team of Canadian college all-stars and a Tier 1 squad of football players from U.S. universities. The game was played in pouring rain with Canadian rules, on a Canadian-size field, with a Canadian ball. In the fourth quarter the Canadian quarterback switched to the American ball as it was smaller and easier to handle.

Getting used to the Canadian rules was a problem for the Americans, but they won. Final score: 22-7. The Canadians put up a strong defence which upset the American running game, giving a creditable performance considering that the U.S. players were senior stars in athletic scholarship-supported programs. The pundits had predicted a vastly one-sided score, putting enormous pressure on the Canadian team to prove themselves. They did - and look forward to another match next year.

The People Exchange



A.H. (Art) Ross: born in Naughton, Ontario, in 1886, a celebrated player, promoter, coach, manager and referee, established hockey in Boston, coaching the Bruins to three Stanley Cups. He refereed in the days when officials used bells instead of whistles, and invented the Art Ross net and Art Ross puck, both still in use today.



Wayne Harris: "The Thumper", a middle linebacker and an All-American from Arkansas University, came to the Calgary Stampeders in 1961 and stayed twelve years. All-Western Conference eleven of those years and All-Canadian in nine, he won the Schenley Award for Outstanding Linesman four times.



1. Canada being congratulated for silver - U.S. gold
2. U.S. women's sculler entry
3. Dwight Stones U.S. highjumper
4. Greg Joy, silver in high jump
5. Marjorie Bailey sprints
6. Michel Vaillancourt, silver in individual jumping
7. Canadian team during practice
8. Dan Clyde in victory by a knockout
9. Ray Leonard U.S. boxer
10. Canada's Soling, the largest class of Olympic Sailing craft
11. Blocking a hook shot in Olympic basketball
12. U.S. pair entry
13. John Wood and Gregory Smith in the pairs

Past Imperators

Up to 1978, Canada has had 15 prime ministers and the United States 39 presidents. Portraits of some of these leaders are shown below. Can you match the names to the faces? Write in the name

you think belongs to each portrait, then check your score: 10-12 is excellent; 7-9 good; and 6 is average. Under 6 - you had better brush up on your history.



1. 2. 3. 4.
 5. 6. 7. 8.
 9. 10. 11. 12.

1. Lester Bowles Pearson. 2. Sir Wilfrid Laurier. 3. Abraham Lincoln. 4. Sir John A. Macdonald. 5. Sir Robert Laird Borden. 6. Andrew Johnson. 7. William McKinley. 8. John Fitzgerald Kennedy. 9. Theodore Roosevelt. 10. Franklin D. Roosevelt. 11. Lyndon Baines Johnson. 12. Louis Stephen St. Laurent.

Canadian Capers

In the letters below are the names of the ten provinces, their capitals and their premiers, as of the beginning of 1970, plus the 15 Canadian prime ministers (Macdonald, Mackenzie, Abbott, Thompson, Bowell, Tupper, Borden, Laurier, Meighen, King, Bennett, St. Laurent, Diefenbaker,

Pearson, Trudeau). Since there are two Quebecs and two Bennetts these names appear only once each. The names may read forward, backward, up, down or diagonally. Draw a line around as many of the 43 as you can find.

D N A L D N U O F W E N A S W E R P F R A P I
 O L B N K L M O T Q F N A W E H C T A K S A S
 P I B X M I P W L N R O C E F H L U V E T O C
 I N O W I O L G D U O N L M E T A O K R L I N
 X S T J O H N S R O A R S F K I R D E P I L D
 N O T L E I W E Q O P I O W I M S B I M E D V
 S K L R K L A U R I E R J T S S L P A S U N X
 P R I N C E E D W A R D I S L A N D T A K O W
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 E V P A W V E R T F A B E T C B D E K O S R A
 I R C M S S B B O A N B X T O W A R T I N E W
 Z E C P R E S E V B I M O R N C K C T R U D O
 N P E B M O L N D O G E C R D O S H W A R E T
 E P T E Y D V N R T E F S D J V S A T T B R L
 K U C L T J E E A I R O T C I V E R V N W F F
 C T D L P J E T E N D E R E J D E L A O E E T
 A S T R O M S T L A U R E N T O E O R E N D Q
 M B Y B K M W J I M D J H O D O D T W K P L O
 R E K A B N E F E I D F C T D W B T S U K A W
 S R I T H O M I D U K H T N L L F E R N T N I
 X T R U D E A U G C W G A O S L R T D E W O P
 S R T X A F I L A H R S H M E A E O V D T D K
 Z A T R N V C W E F E R T D Z M C W E R D C A
 J N O P T H O M P S O N K E D S C N O O F A R
 S D Y N E A I B M U L O C H S I T I R B R M S

CANADIAN THINKERS

General

Richard P. Bowles, James L. Hanley, Bruce W. Hodgins, William N. Mackenzie, George A. Rawlyk. *Canada and the U.S.: Continental Partners or Wary Neighbours?* Prentice, 1973. Contains good essays on the foreign investment and ownership debates, cultural influences, and historical relations between Canada and the U.S.A. At the end of each reading there are a series of questions ideal for classroom use.

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And en français...

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Now-do you know...

1. Who is Canada's ambassador to the United States?
2. What benefits has the Automotive Trade Agreement brought to Canada?
3. What is the Foreign Investment Review Act designed to do?
4. What is Canada's second-largest export to the United States?
5. What are the differences between the Canadian and American forms of government?
6. What is the function of the CRTC?
7. What do these initials represent?
 - a) IEA
 - b) CCU
 - c) NORAD
 - d) IJC
 - e) RMS

In Canada's capital, the city of Ottawa, there is an old canal which winds through the town. Weeping willows grow beside it and arch over it and not one Canadian in ten thousand knows when or why it was built. It was built more than a century ago by a British engineer to help defend Canada against the United States; and the fact that today this old canal is but a museum piece, its origin unknown or unremembered, tells the blessed thing that has come between these two countries and which today has roots deeper than before."

Senator Grattan O'Leary

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